

Exhibit G

18 MAG 8989

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - X
9,000 ETHER FROM ETHER WALLET :
ADDRESS "0xdA6F983076725cB2899205 :
A16E16d1ed60a0067A," :
: :
- - - - - X

**WARRANT OF SEIZURE
PURSUANT TO 18 U.S.C. § 981**

TO: ANY LAW ENFORCEMENT OFFICER AUTHORIZED BY LAW

An Affidavit having been made before me by Brandon S. Racz, a Special Agent with the Federal Bureau of Investigation, that he has reason to believe that the above-captioned property is subject to seizure and forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C), and as I am satisfied that there is probable cause to believe that the property so described is subject to seizure and forfeiture pursuant to said statute,

YOU ARE HEREBY COMMANDED AND AUTHORIZED to seize the property described below by effectuating an electronic or digital transfer over the internet, or by serving a copy of this warrant of seizure upon any person or entity presently in possession or control of the property and directing them to effectuate such a transfer:

9,000 ETHER FROM ETHER WALLET ADDRESS
"0xdA6F983076725cB2899205A16E16d1ed60a0067A"

YOU ARE FURTHER COMMANDED AND AUTHORIZED to prepare a written inventory of the property seized and promptly return this warrant and inventory before this Court as required by law.

Dated: New York, New York
October 22, 2018

SO ORDERED:

Katharine H. Parker
HONORABLE KATHARINE H. PARKER
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK

18 MAG 3989

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - x

UNITED STATES OF AMERICA

- v. -

9,000 ETHER FROM ETHER WALLET
ADDRESS "0xdA6F983076725cB2899205
A16E16d1ed60a0067A,"

Defendant-In-Rem.

: TO BE FILED UNDER SEAL

:
: AFFIDAVIT IN SUPPORT
: OF SEIZURE WARRANT
: PURSUANT TO
: 18 U.S.C. § 981

- - - - - x

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.:
SOUTHERN DISTRICT OF NEW YORK)

BRANDON S. RACZ, being duly sworn, deposes and says:

INTRODUCTION

1. I have been a Special Agent with the Federal Bureau of Investigation ("FBI") for approximately three years. I am currently assigned to a squad within the FBI responsible for investigating complex financial crimes, including crimes involving wire fraud, bank fraud, securities fraud, money laundering, and other white-collar crimes. During my tenure with the FBI, I have participated in investigations of numerous frauds, and have conducted physical and electronic surveillance, the execution of search warrants (including warrants to search electronic devices such as cellphones and computers), debriefings of informants, reviews of taped conversations and electronic communications such

as emails and text messages, and arrests. I have also participated in efforts to seize and recover funds raised from victims of fraud, including analyses to determine whether funds constitute proceeds of fraud subject to seizure and the judicially authorized seizure of proceeds of fraud. Through my training, education, and experience, I have become familiar with the manner in which securities and wire frauds are perpetrated.

2. I am one of the FBI case agents from the FBI's New York Field Office with primary responsibility for an investigation of a startup company called Centra Tech, Inc. ("Centra Tech") and its co-founders, SOHRAB SHARMA ("SHARMA"), RAYMOND TRAPANI ("TRAPANI") and ROBERT FARKAS ("FARKAS") for soliciting investment funds for Centra Tech through fraudulent representations and omissions. As explained below, based upon such conduct, Centra Tech co-founders SHARMA, TRAPANI and FARKAS have been charged in an Indictment, captioned *United States v. Sohrab Sharma et al.*, 18 Cr. 340 (LGS) pending before United States District Judge Lorna G. Schofield in the Southern District of New York (the "Criminal Case"), with conspiracy to commit securities fraud (in violation of 18 U.S.C. § 371), securities fraud (in violation of 15 U.S.C. §§ 78j(b) & 78ff; 17 C.F.R. § 240.10b-5; and 18 U.S.C. § 2), conspiracy to commit wire fraud (in violation of 18 U.S.C. § 1349), and wire

fraud (in violation of 18 U.S.C. §§ 1343 and 2) (collectively, the "Subject Offenses").

3. As explained below, on or about May 2, 2018, the FBI seized approximately 91,000 units of a digital currency called "Ether" or "ETH" (the "Original Subject Property") that was on deposit in a digital wallet assigned a unique address that is accessible via the internet, namely the digital wallet with an address of "0xdA6F983076725cB2899205A16E16d1ed60a0067A" (the "Seizure Wallet"), pursuant to a seizure warrant signed by United States Magistrate Judge Robert W. Lehrburger of the Southern District of New York (the "Prior Seizure Warrant"). Judge Lehrburger issued the Prior Seizure Warrant based upon a supporting warrant affidavit citing representations made by Centra Tech through its outside counsel and other facts that furnished probable cause to believe that the 91,000 Ether units represent proceeds of the Subject Offenses. At the time of the seizure, the 91,000 Ether units were worth more than \$60 million in U.S. dollars. The Prior Seizure Warrant and supporting warrant affidavit are attached as Exhibit A and incorporated by reference as though fully set forth herein.

4. As shown in Exhibit A, "Ether" or "ETH" is a digital currency that is stored on the internet in applications referred to as digital wallets. Each digital wallet is assigned a unique

alphanumeric identifier known as an address, and each digital wallet can only be accessed using a unique alphanumeric string known as a private key or passcode.

5. This Affidavit is submitted in support of the Government's application for the issuance of a warrant to seize and forfeit approximately 9,000 Ether units that were left to remain in the Seizure Wallet when the Prior Seizure Warrant was executed (the "Remaining Subject Property").¹ At the current Ether-to-dollar exchange rate, the 9,000 Ether units are worth more than \$1,850,000 in U.S. dollars. Based on the facts set forth below, I respectfully submit that there is probable cause to believe that the Remaining Subject Property is subject to forfeiture to the United States of America as the proceeds of the Subject Offenses.

6. The information contained in this Affidavit is based upon my personal knowledge and involvement in the investigation of this matter, as well as information obtained from other sources, including conversations with others, as well as my review of documents gathered during the course of this investigation.

Because this Affidavit is being submitted for the limited purpose

As a result of transaction fees incurred when the Prior Seizure Warrant was executed on the Seizure Wallet, the precise amount of Ether left in the Seizure Wallet comprising the Remaining Subject Property was 8,999.996566 Ether units. For ease of reference, this sum is referred to as 9,000 Ether units throughout this Affidavit.

of establishing probable cause to seize criminal proceeds, it does not include every fact that I have learned during the course of the investigation. Where the contents of documents and actions, statements and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

PROBABLE CAUSE

A. Probable Cause Regarding the Subject Offenses

7. On or about March 31, 2018, United States Magistrate Judge James L. Cott of the Southern District of New York approved a criminal complaint, numbered 18 Mag. 2695, charging SOHRAB SHARMA and ROBERT FARKAS, two of Centra Tech's co-founders, with the Subject Offenses of conspiring to commit, and the commission of, securities and wire fraud in connection with a scheme to induce victims to invest digital funds worth millions of dollars for the purchase of unregistered securities, in the form of digital tokens issued by Centra Tech, through fraudulent misrepresentations and omissions (the "Complaint-1"). The Complaint-1 is attached as Exhibit B and incorporated by reference as though fully set forth herein.

8. On or about April 18, 2018, United States Magistrate Judge Stewart D. Aaron of the Southern District of New York approved a criminal complaint, numbered 18 Mag. 3271, charging

RAYMOND TRAPANI, a third co-founder of Centra Tech, with the same Subject Offenses (the "Complaint-2"). The Complaint-2 is attached as Exhibit C and incorporated by reference as though fully set forth herein.

9. On or about May 14, 2018, a Grand Jury in the Southern District of New York returned an Indictment, numbered 18 Cr. 340 (LGS), charging SHARMA, FARKAS and TRAPANI with the same Subject Offenses (the "Indictment") in the Criminal Case. The Indictment is attached as Exhibit D and incorporated by reference as through fully set forth herein.

10. Based on the facts set forth in the Complaint-1, the Complaint-2, and the Indictment (collectively, the "Criminal Charging Documents"), there is probable cause to believe the following, in substance and in part:

a. In or about July 2017, SHARMA, TRAPANI and FARKAS co-founded a startup company called Centra Tech that purported to offer cryptocurrency-related financial products. For example, Centra Tech claimed to have a Centra Tech debit card that allowed users to spend cryptocurrencies such as "Bitcoin" and "Ether" to make purchases in real-time at various stores and other establishments that were part of the networks of merchant locations that accept payment cards from Mastercard and Visa as a result of

purported partnerships between Centra Tech and Bancorp, Mastercard and Visa.² Centra Tech was headquartered in Miami Beach, Florida.

b. From at least on or about July 30, 2017 through at least in or about April 2018, SHARMA, TRAPANI and FARKAS engaged in a scheme to induce victims to invest digital funds worth millions of dollars for the purchase of unregistered securities, in the form of digital tokens issued by Centra Tech in connection with the company's so-called "initial coin offering" ("ICO"), through a series of material misrepresentations and omissions.³

² As set forth in the Criminal Charging Documents, "Visa" refers to Visa Inc., a multinational financial services corporation headquartered in California that (among other things) facilitates electronic funds transfers throughout the world through "Visa"-branded credit cards and debit cards; "Mastercard" refers to Mastercard Incorporated, a multinational services corporation headquartered in New York that (among other things) processes payments between the banks of merchants and the card issuing banks or credit unions of the purchasers who use "Mastercard"-branded debit and credit cards; and "Bancorp" refers to The Bancorp, Inc., a Delaware-based financial services company that (among other things) issues debit and prepaid card by virtue of contractual partnerships with other financial services companies such as Visa and Mastercard, among others.

³ As set forth in the Criminal Charging Documents, an "initial coin offering" or "ICO" is a type of fundraising event in which an entity offers participants a unique digital "coin" or "token" in exchange for consideration. The consideration often comes in the form of "digital currency" or "cryptocurrency," but can also be "fiat currency," which is a term used to describe currency that a government has declared to be legal tender, such as the U.S. dollar or the Euro, but is not backed by a physical commodity. "Digital currency" or "cryptocurrency" is a digital representation of value that can be digitally traded and functions as (1) a medium of exchange, (2) a unit of account, or (3) a store of value, but does

Through this fraudulent scheme, SHARMA, TRAPANI and FARKAS solicited digital funds that included thousands of units of a cryptocurrency called "Ether" worth more than \$25 million from investors who purchased digital tokens issued by Centra Tech.

c. As part of the scheme, SHARMA, TRAPANI and FARKAS made or caused Centra Tech to make the following misstatements in soliciting investments in Centra Tech, among others:

i. SHARMA, TRAPANI and FARKAS claimed to investors that Centra Tech had developed a debit card that enabled users to spend various cryptocurrencies to make purchases at any stores that accept Visa or Mastercard payment cards, and that Centra Tech had partnerships with Bancorp, Visa, and Mastercard to issue Centra Tech debit cards. In fact, Centra Tech had no such partnerships with Bancorp, Visa or Mastercard.

ii. SHARMA, TRAPANI and FARKAS claimed to investors that Centra Tech's executive team included a purported Chief Executive Officer named "Michael Edwards" and a purported Chief Financial Officer named "Jessica Robinson" who had impressive work histories and academic credentials. In fact, neither "Michael Edwards" nor "Jessica Robinson" was a real person.

not have legal tender status. Unlike fiat currency, digital currency is not issued by any jurisdiction and functions only by agreement within the community of users of that particular currency. Examples of digital currencies are "Bitcoin" and "Ether," both of which are issued and distributed on their own "blockchains." A "blockchain" is a digitalized, decentralized, cryptographically-secured ledger that allows market participants to keep track of digital currency transactions without central recordkeeping. The digital tokens or coins issued in an ICO are issued and distributed on a blockchain. Tokens often are also listed and traded on online platforms, typically called digital currency exchanges, and they usually trade for other assets.

iii. SHARMA, TRAPANI and FARKAS claimed to investors that Centra Tech held money transmitter and other relevant licenses in 38 states. In fact, Centra Tech did not have such licenses in a number of those states.

iv. SHARMA, TRAPANI and FARKAS caused Centra Tech to make several of those false claims through (among other things) various promotional videos that were posted on the YouTube website; various white papers that were disseminated to investors via the internet; and various LinkedIn profiles that were posted on the LinkedIn social networking website. SHARMA also reiterated several of those false claims during (among other things) an interview on an internet podcast relating to the cryptocurrency industry.

d. Cellphone text message conversations between SHARMA, TRAPANI and FARKAS, found in a cellphone recovered from TRAPANI (the "TRAPANI Cellphone"),⁴ show that they were well aware of the falsity of the above-described claims:

i. For example, with respect to the purported partnerships that Centra Tech claimed to have with Bancorp, Visa, and Mastercard, SHARMA engaged in a text message conversation with TRAPANI on or about July 31, 2017 in which

⁴ As set forth in the Complaint-2, the TRAPANI Cellphone was recovered from TRAPANI following his surrender on or about October 5, 2017 on a perjury indictment obtained by the District Attorney's Office for New York County. On the date of this surrender, TRAPANI signed a consent form giving that District Attorney's Office and the New York City Police Department his "voluntary consent to a complete search" of the TRAPANI Cellphone, and he also wrote the password to access the TRAPANI Cellphone on the consent form. Pursuant to that consent form, the TRAPANI Cellphone was searched on or about October 17, 2017, the TRAPANI's Cellphone's contents were copied into an extraction report containing more than 14,000 pages of materials, and the TRAPANI Cellphone was returned to TRAPANI. I have reviewed the extraction report and documentation generated as result of this consensual search. The dates and times of particular text messages reported in the Criminal Charging Documents and herein are as they appear in the extraction report, without conversion to Eastern Standard Time.

they discussed Centra Tech's lack of actual partnerships with banks or credit card companies. During that exchange, SHARMA (via a cellphone assigned a call number ending with "3138" that is referred to as the "SHARMA Cellphone-1" in the Complaint-2) wrote: "Should write down a list of places to call tomorrow," "For the conbranded [sic] card." Later in the exchange, SHARMA wrote: "Gotta get it going on the banks today plz." SHARMA also subsequently wrote: "We just need to get s [sic] banking license," "Need our direct agreement with visa," "Or MasterCard," "That's the move," "Cut out the middle man," "I wish we just knew someone."

ii. With respect to Centra Tech's purported CEO ~~"Michael Edwards"~~ and purported CFO ~~"Jessica Robinson,"~~ SHARMA (via the SHARMA Cellphone-1) text-messaged TRAPANI on or about July 29, 2017, that they "Need to find someone who looks like Michael," "Team photos," "He's real lol," "Everyone real," "Except Jessica," "And Mike." Later that day, SHARMA (via the SHARMA Cellphone-1) text messaged TRAPANI: "Gonna kill both Ceo and her," "Gonna say they were married and got into an accident."

iii. With respect to Centra Tech's purported money transmitter and other licenses in 38 states, SHARMA had a text message conversation with TRAPANI and FARKAS on or about August 30, 2017 about applying for state licenses that Centra Tech had previously represented it already held in 38 states. For example, SHARMA wrote in one message on or about August 30, 2017 to TRAPANI and FARKAS: "Gotta apply for all licenses," "Should I even say this."

iv. With respect to false claims in a white paper that Centra Tech published to investors on the company's website, SHARMA had a text message conversation with TRAPANI and FARKAS on or about September 29, 2017 about taking down (among other things) the version of the white paper that was on the company's website at the time. During this conversation, SHARMA (via a cellphone assigned a call number ending with "6091" that is referred to as the "SHARMA Cellphone-2" in the Complaint-2) sent text messages to TRAPANI and FARKAS in which SHARMA wrote (among other things): "I rather cut any fufu," "Off right own," "Now," "Then worry," "Anything that doesn't exist current," "We need to remove," "Have them do it asap." Later in the same conversation, SHARMA (via the SHARMA Cellphone-2) wrote: "I want a product page like [another

company]," "Theirs is so nice." TRAPANI wrote "Lol yeah no real product." SHARMA wrote: "Yea but it doesn't say much," "And looks good," "We don't have a real product either right now," "So I wanna tighten up ship asap."

e. As detailed in the Criminal Charging Documents, SHARMA also sent and received email communications showing that he was well aware of the falsity of the aforementioned claims by Centra Tech in soliciting investments in Centra Tech:

i. ~~For example, with respect to Centra Tech's claimed partnership with Bancorp for the issuance of Centra Tech debit cards licensed by Visa and Mastercard, SHARMA on or about August 30, 2017 forwarded to FARKAS, among others, an email that SHARMA had received from Bancorp directing Centra Tech to "CEASE AND DESIST FROM REPRESENTING THAT THE BANCORP BANK HAS ANY CONNECTION WITH, OR IS THE ISSUER OF ANY CARD PRODUCTS RELATED TO CENTRA TECH."~~

ii. On or about the same day, SHARMA (via the SHARMA Cellphone-1) engaged in a text message conversation with TRAPANI and FARKAS concerning the cease-and-desist notice from Bancorp. During this exchange, SHARMA wrote: "Google Bitsset and Centra," "And contact anyone that has that image," "And ask them to remove it Or that language," "Saying we work Bancorp," "Od bad," "Their lawyer reached out." Later that day, FARKAS text messaged SHARMA and TRAPANI: "No Bancorp on it." SHARMA responded: "In the bottom? U sure," "I thought I saw," "On press releases." FARKAS wrote: "Just checked them all," "No Bancorp." SHARMA responded: "Okay," "We gotta get that shit removed everywhere and blame freelancers lol"

~~iii. In addition, on or about October 13, 2017, FARKAS, via one of his personal email accounts ("rjfarkas6@gmail.com") sent an email to SHARMA, via one his work email accounts ("sam@centra.tech") and one of his personal email accounts ("ssharma491@gmail.com") attaching FARKAS' edits to an investor pitch deck dated August 15, 2017, promoting Centra Tech and its ICO. The pitch deck contained several misleading claims, including, among other things, that: (i) the Centra Card gives users "[a]ccess to more than~~

36 Million Points of Sale wherever Visa and/or Mastercard is accepted"; (ii) the Centra Card was "issued" by "Mastercard and Visa;" and (iii) Centra in January 2017 had a "Major Banking Partnership and license agreement signed with VISA USA Inc."

11. I have reviewed documents and other evidence provided by the United States Securities and Exchange Commission (the "SEC") that were gathered by the SEC during a parallel SEC investigation of Centra Tech and its co-founders, and I have reviewed an amended complaint filed on or about April 20, 2018 by the SEC against SHARMA, TRAPANI and FARKAS in the Southern District of New York charging the three of them with civil federal securities law violations arising from Centra Tech's ICO (the "SEC Complaint") based upon evidence gathered by the SEC during its parallel investigation. The SEC Complaint against SHARMA, TRAPANI and FARKAS (who are referred to as the "Defendants" in the SEC Complaint) is attached as Exhibit E and incorporated by reference as though fully set forth herein. According to the SEC Complaint (at ¶¶ 65-68), in addition to making fraudulent misrepresentations and omissions to solicit investors to purchase digital tokens (called "Centra Tokens" or "CTRs") issued by Centra Tech during its ICO, SHARMA, TRAPANI and FARKAS also engaged in a scheme to manipulate the market price of Centra tokens on various digital asset trading exchanges. Paragraphs 65 through 68 of the SEC Complaint state the following:

65. Defendants also manipulated the price of the Centra Token in the weeks leading up to the ICO. Defendants' manipulative trading was intended to generate interest in the company and to ensure that prospective investors were not discouraged by the Centra Token price — which was then trading on public exchanges between approximately \$.15 and \$.50 per token on limited trading volume — or by public comments that were negative of Centra and its purported products. As Sharma explained to Trapani in late August 2017, "[c]an't have more FUD [fear, uncertainty and doubt] . . . There's FUD around[.] Mainly about price." Defendants undertook this manipulative trading knowingly, recklessly, or negligently.

66. As one example of Defendants' manipulations, over August 26 and 27 Sharma and Trapani engaged in a concerted effort to manipulate the CTR Token price higher. On August 27, 2017, for example, Sharma instructed Trapani to artificially increase the Centra Token price: "Ray keep bumping the price. Do [larger] buys." Trapani responded "what size," to which Sharma explained "10 ETH plus" and Trapani agreed. Later that same day, Sharma again instructed Trapani to make additional large purchases, to which Trapani responded "yeah I am doing big buys." That evening, Sharma noted with approval that "we already pushed the price higher By doing that pump[.] Naturally We gotta keep doing that[.] Price is rising." The next day when Sharma noticed that Trapani was making additional large purchases, he directed Trapani to make the purchases at higher prices: "Gotta do higher than 60," Sharma instructed, and then made clear that he should make the buys at \$0.80 per token. Trapani agreed, after which Sharma responded that they should "[g]et . . . [r]eady for the pump Lol."

67. When the pump was completed, Sharma messaged Trapani that they had "[b]urned through like 250 ETH" — or approximately \$75,000 — and moved "the price higher by 30%."

68. Based on publicly available market data, Trapani and Sharma's efforts to manipulate the Centra Token price were successful. During August 26–28, 2017, the

price of the Centra Token went from approximately \$0.50 per token to over \$1, and on August 27 the closing price was \$6.91 - which represents the highest closing price ever recorded for Centra Tokens. In addition, while trade volume in early August ranged anywhere from 2,000 to 50,000 transactions per day, on August 26, 2017 the trade volume increased to well over one million tokens traded.

(Exhibit E at ¶¶ 65-68 (SEC's brackets and alterations).)

12. From my review of transcripts of various proceedings in the Criminal Case, my participation in this investigation, and my conversations with other law enforcement officials working on this investigation, I have learned the following, in substance and in part:

a. In April 2018, SHARMA and FARKAS were arrested on the Complaint-1 and TRAPANI was arrested on the Complaint-2, and all three of them were charged in May 2018 in the Indictment in the Criminal Case against them before United States District Judge Lorna G. Schofield in the Southern District of New York.

b. As relevant for present purposes, SHARMA and FARKAS were arrested on or about April 1, 2018 in the Southern District of Florida on the Complaint-1 in connection with the Criminal Case.

Both of them were presented on the Complaint-1 before United States

Magistrate Judge Lurana S. Snow in the Southern District of Florida

on or about April 2, 2018. SHARMA and FARKAS subsequently

consented to their detention and removal to the Southern District

of New York for further proceedings on the Complaint-1, without prejudice to their ability to apply for their releases on bail upon their arrival in the Southern District of New York. After SHARMA and FARKAS were removed to the Southern District of New York, each of them had separate contested bail hearings in May 2018 at which the Office of the United States Attorney for the Southern District of New York (the "Government") sought to have

both of them detained pending trial. Transcripts of these bail hearings are attached as Exhibits F, G and H, respectively, and incorporated by reference as though fully set forth herein. SHARMA and FARKAS were ultimately ordered to be released on specified bail conditions but only upon satisfaction of those bail conditions. SHARMA and FARKAS were both eventually released from custody on bail.

c. TRAPANI has also been released from custody on judicially approved bail conditions that were agreed upon between him and the Government.

B. Probable Cause as to the Remaining Subject Property

13. Based on the facts set forth herein, I respectfully
submit that there is probable cause to believe that the Remaining

Subject Property constitutes proceeds of the Subject Offenses and
is subject to forfeiture to the United States of America.

Overview

14. Based on the facts set forth below, there is probable cause to believe:

a. During Centra Tech's ICO, which took place from approximately on or about July 30, 2017 through on or about October 5, 2017 (the "ICO Period"), purchasers of Centra Tech tokens provided funds in the form of digital currency (including thousands

of units in a digital currency known as "Ether" or "ETH") in exchange for Centra Tech tokens. Based on the facts set forth in the Criminal Charging Documents, there is probable cause to believe that all such Ether units were solicited from Centra Tech token purchasers through fraudulent misrepresentations and omissions by Centra Tech and its co-founders SHARMA, TRAPANI and FARKAS as part of their commission of the Subject Offenses, and thus that all such Ether units represent proceeds of the Subject Offenses.

b. After the SEC made Centra Tech aware of the SEC's investigation of Centra Tech by serving a subpoena on Centra Tech in late November 2017, Centra Tech transferred approximately 100,000 Ether units to the Seizure Wallet, a digital wallet with a unique passcode that was possessed only by Centra Tech co-founder

SHARMA.

c. According to representations of Centra Tech through its outside counsel and representations of SHARMA through his

individual counsel, 91,000 of the 100,000 Ether units in the Seizure Wallet (i.e., the Original Subject Property) were raised from purchasers of Centra tokens during the ICO Period in connection with Centra Tech's ICO. Through his own counsel and through Centra Tech's outside counsel, SHARMA claimed that the remaining 9,000 Ether units in the Seizure Wallet (i.e., the Remaining Subject Property), were proceeds of SHARMA's own cryptocurrency trading activities.

d. Based in large part on such representations, which were memorialized in the warrant affidavit submitted in support of the Government's application for the Prior Seizure Warrant to seize 91,000 of the Ether units in the Seizure Wallet, the FBI obtained the Prior Seizure Warrant and in May 2018 transferred those funds into a secure digital wallet maintained by the FBI pursuant to the Prior Seizure Warrant.

e. As shown below, as a result of the continuing investigation in this matter, I and others at the FBI have become aware of facts, which are described below, that I respectfully

~~submit furnish probable cause to believe that the remaining 9,000~~

~~Ether units in the Seizure Wallet also represent ICO proceeds of~~

~~the Subject Offenses and that the representations by Centra Tech and SHARMA to the contrary were false and misleading.~~

The Seizure of 91,000 Ether Units from the Seizure Wallet

15. I have reviewed materials available to the public via the internet concerning Centra Tech, documents gathered by law enforcement as part of this investigation (including text messages recovered from the TRAPANI Cellphone), documents provided by the SEC that the SEC gathered as part of its parallel investigation, and transcripts of proceedings in the Criminal Case against Centra Tech's co-founders in the Southern District of New York. I have also gathered information through conversations with other law enforcement officials familiar with this matter, conversations with representatives of the Government concerning representations by Centra Tech and its co-founders through their respective counsel, and conversations with representatives of the SEC concerning information and evidence gathered by the SEC's parallel investigation. Based on the foregoing sources, I have learned the following, in substance and in part:

a. From on or about July 30, 2017 through on or about October 5, 2017, Centra Tech raised funds from investors, primarily in the form of units of the digital currency called "Ether" or

"ETH," via the company's ICO. During this ICO, Centra Tech accepted digital funds from investors, including Ether units, in exchange for digital tokens issued by Centra Tech, known as "Centra

tokens" or "CTR tokens" or "CTRs" that could be traded, or exchanged, on various digital currency exchanges. The Ether units that Centra Tech raised from investors can be grouped into two broad categories: thousands of Ether units provided by a company in South Korea called Bitsett in exchange for Centra tokens, and thousands of Ether units raised from a wide variety of other investors in exchange for Centra tokens.

b. In or about the fourth quarter of 2017, the SEC initiated an investigation of Centra Tech. As part of that investigation, the SEC issued a subpoena on or about November 29, 2017 to Centra Tech, care of Centra Tech's outside counsel at the law firm of Ballard Spahr LLP, which has been retained to represent Centra Tech. The subpoena compelled Centra Tech to produce a variety of documents, including various documents relating to Centra Tech co-founders SOHRAB SHARMA, RAYMOND TRAPANI and ROBERT FARKAS, documents sufficient to identify all digital and other assets held by or on behalf of Centra Tech, and documents sufficient to identify all investors who purchased any tokens offered by Centra Tech, among other categories of documents and information.

c. During Centra Tech's outside counsel's representation of Centra Tech, the outside counsel engaged in several conversations with representatives of the SEC working on

the SEC's investigation. Centra Tech's outside counsel also had separate conversations with representatives of the Government and the FBI with respect to the parallel criminal investigation relating to Centra Tech. During these conversations, the following occurred, in substance and in part:

i. On or about November 29, 2017, during a telephone call between representatives of the SEC and Centra Tech's outside counsel, the following occurred, in substance and in part. ~~The SEC inquired about the location and status of funds raised by Centra Tech from its investors during the company's ICO and about whether the company had taken any measures to ensure that such funds were not at risk of being dissipated. Centra Tech represented through its outside counsel that those funds were intact but undertook to confirm as much.~~

ii. On or about November 30, 2017, during a telephone call between representatives of the SEC and Centra Tech's outside counsel, Centra Tech represented the following, in substance and in part, through its outside counsel. In response to the concerns raised by the SEC the day before, all of the Ether units raised by Centra Tech through its ICO had been transferred to a digital wallet (namely, the digital wallet referred to herein as the Seizure Wallet) with a unique passcode. As a result, the Seizure Wallet contained a total of approximately 100,000 Ether units (then worth more than \$40 million in U.S. dollars). The passcode to the Seizure Wallet had been in the possession of Centra Tech co-founder SHARMA, but had been reduced to a piece of paper that was divided into halves that were given to Centra Tech executive FARKAS and Centra Tech's General Counsel Allan Shutt, respectively. The combination of those halves of the paper supposedly represented the only copy of the passcode to the Seizure Wallet. The half of the paper given to FARKAS, containing part of the purported passcode, was placed in a safe deposit box in FARKAS' name; and the other half of the paper given to Shutt, containing the remainder of the purported passcode, was placed in a safe deposit box in Shutt's name.

iii. On or about January 18, 2018, Centra Tech through its outside counsel provided a letter to the SEC (the "January 18 Letter") enclosing a summary spreadsheet ("Summary Spreadsheet") in response to specified document requests in the SEC's November 29, 2017 subpoena to Centra Tech. According to the subpoena, the document requests at issue (namely, document requests numbered 6, 7 and 9 in the subpoena) sought (among other things) documents sufficient to identify all investors who purchased any digital token issued by Centra Tech, documents sufficient to disclose the amounts and dates of payments for each investor, and documents sufficient to identify all cryptocurrency digital wallet addresses that were used to send assets to Centra Tech in connection with any digital token sold by Centra Tech. According to the January 18 Letter, the Summary Spreadsheet was created to respond to those document requests in that SEC subpoena, the Summary Spreadsheet was "not a pre-existing document," and "[s]hould it be determined that there are any errors in the compilation of information, we will provide a revised spreadsheet."

iv. Based on my review of the January 18 Letter and the Summary Spreadsheet, I have learned that the Summary Spreadsheet purports to show, in substance and in part, that Centra Tech received a total of approximately 91,000 Ether units in exchange for Centra tokens issued by Centra Tech during the ICO Period as part of the company's ICO: a total of approximately 40,000 Ether units from so-called "Korea Partners," a reference to Bitsset,⁵ and a total of approximately 51,000 Ether units from hundreds of individual Centra token purchasers named in the Summary Spreadsheet.

v. On or about January 30, 2018, during a telephone call between representatives of the SEC and Centra Tech's

⁵ The Summary Spreadsheet refers to Bitsset as "Korea Partners," rather than mentioning Bitsset by name. However, as detailed herein, Centra Tech has made representations through its outside counsel showing that it was the Korea-based company Bitsset that provided the 40,000 Ether units attributed to "Korea Partners" in the Summary Spreadsheet. Accordingly, based on such representations and other facts set forth in this Affidavit, I believe that "Korea Partners" is synonymous with Bitsset.

outside counsel, Centra Tech represented through its outside counsel, in substance and in part, the following. Centra Tech represented that of the 100,000 Ether units that Centra Tech had transferred into the Seizure Wallet, approximately 40,000 of those Ether units had been raised from Bitsset and approximately 51,000 of those Ether units had been raised from other Centra token purchasers during Centra Tech's ICO (for a total of 91,000 Ether units that are collectively referred to herein as the Original Subject Property). Centra Tech further claimed that the remaining 9,000 Ether units (referred to herein as the Remaining Subject Property) belonged to SHARMA and were proceeds and profits of his personal cryptocurrency trading unrelated to Centra Tech, and ~~were not funds raised during Centra Tech's ICO from purchasers of Centra tokens.~~

d. Centra Tech co-founders SHARMA and FARKAS were arrested in the Southern District of Florida on or about April 1, 2018 based on the Complaint-1 charging them with the Subject Offenses of conspiring to commit, and the commission of, securities and wire fraud, in connection with their solicitation of millions of dollars worth of digital assets (including Ether units) raised from investors in exchange for Centra tokens issued by Centra Tech based on fraudulent misrepresentations and omissions. SHARMA and FARKAS were presented on the Complaint-1 in the Southern District of Florida on or about April 2, 2018 and subsequently consented to ~~their detention and removal to the Southern District of New York~~ ~~for further proceedings on the Complaint 1, without prejudice to~~ ~~their ability to apply for their releases on bail upon their~~ arrival in the Southern District of New York.

e. On or about April 10, 2018, Centra Tech's General Counsel, Allan Shutt, provided his half of what was purported to be the passcode to the Seizure Wallet to FBI agents in the Southern District of Florida in response to grand jury subpoenas that were previously served on Centra Tech.

f. On or about April 11, 2018, FBI agents in the Southern District of Florida retrieved FARKAS' half of what was purported to be the passcode to the Seizure Wallet pursuant to a judicially authorized search warrant issued by United States Magistrate Judge Barry S. Seltzer of that District.

g. After FBI agents in the Southern District of Florida gained possession of both Schutt's and FARKAS' halves of paper containing what was purported to be the passcode to the Seizure Wallet containing 100,000 Ether units (namely, the 91,000 Ether units that Centra Tech represented had been raised from Bitsset and other Centra token purchasers and the remaining 9,000 Ether units that Centra Tech represented belonged to SHARMA), those agents in the Southern District of Florida sent images of that purported passcode to myself and another FBI agent in the Southern District of New York who has significant training and experience

in investigations of crimes involving digital currencies.

h. On or about April 11, 2018, based on the presence of exigent circumstances described in Exhibit A, I and another FBI

agent attempted to use the purported passcode (documented on the paper fragments that had been possessed by Shutt and FARKAS) to transfer the 91,000 Ether units that indisputably represented proceeds of the Subject Offenses from the Seizure Wallet set up by Centra Tech to a secure digital wallet maintained by the FBI, pursuant to Title 18, United States Code, Section 981(b)(2)(B)(ii).

i. After attempting to use the purported passcode to access the Seizure Wallet, I learned that the passcode formed by combining both Schutt's and FARKAS' halves of paper did not work and was unable to provide access to the funds contained in the Seizure Wallet.

j. On or about April 13, 2018, United States Magistrate Judge Robert W. Lehrburger of the Southern District of New York signed the Prior Seizure Warrant authorizing the FBI to seize the Original Subject Property consisting of 91,000 Ether units then on deposit in the Seizure Wallet by serving a copy of the Seizure Warrant upon any person or entity in possession or control of the Original Subject Property and directing them to effectuate a transfer of the Original Subject Property to the FBI.

The Prior Seizure Warrant was approved by Judge Lehrburger based upon a supporting warrant affidavit detailing evidence furnishing probable cause to believe that the 91,000 Ether units that

represent proceeds of the Subject Offenses, including representations of Centra Tech through its outside counsel acknowledging that the 91,000 Ether units were raised from Bitsset and other Centra token purchasers during Centra Tech's ICO. The Prior Seizure Warrant was subsequently served on (among others) SHARMA via his original individual counsel at the law firm of Konstelantz & Fink LLP (which was retained by SHARMA to represent him in the Criminal Case), and on FARKAS via his original individual counsel at the law firm of McLaughlin & Stern LLP (which was retained by FARKAS to represent him in the Criminal Case).

k. After SHARMA and FARKAS, who had been detained following their arrests in the Southern District of Florida in this case, were removed to the Southern District of New York, each of them had separate bail hearings in May 2018 at which the Government sought to have both of them detained pending trial.

l. On or about May 1, 2018, the Government and FARKAS and his original counsel appeared for a bail hearing before United States Magistrate Judge Ona T. Wang of the Southern District of New York. At the bail hearing, the Government reported that efforts by the FBI to access the Seizure Wallet containing 100,000

Ether units (including at least 91,000 Ether units of victim-investor funds) using the purported passcode obtained from Centra Tech had failed, and that neither SHARMA nor FARKAS had effectuated

the transfer of 91,000 of those Ether units to the FBI as required by the Prior Seizure Warrant. FARKAS represented through his counsel that the purported passcode to the Seizure Wallet had been provided (to FARKAS and Shutt) by SHARMA after the SEC inquired about the Seizure Wallet, that FARKAS believed in good faith that the purported passcode was in fact the actual passcode to the Seizure Wallet, and that FARKAS had learned while he and SHARMA were incarcerated as a result of this Criminal Case that SHARMA had altered the actual passcode before providing it to FARKAS and Shutt in response to the SEC's inquiries. Judge Wang ordered FARKAS detained until a specific set of conditions were met, including the successful transfer to the FBI of the Original Subject Property of 91,000 Ether units pursuant to the Prior Seizure Warrant.

m. On or about May 1, 2018, the day before SHARMA's first bail hearing, SHARMA's original counsel reported to the Government that the actual passcode to the Seizure Wallet was on a piece of paper taped underneath a drawer in the kitchen of an apartment in Miami, Florida where SHARMA lived with his girlfriend.

FBI agents from the FBI's Miami Field Office went to that apartment

on or about May 2, 2018, and, with the consent of SHARMA's girlfriend, the agents searched the kitchen of the apartment and recovered a piece of paper with what appeared to be a passcode to

a digital wallet such as the Seizure Wallet. On or about May 2, 2018, using this passcode, the FBI successfully transferred the Original Subject Property of 91,000 Ether units from the Seizure Wallet to a secure digital wallet maintained by the FBI pursuant to the Prior Seizure Warrant. As explained below, because law enforcement had not become aware at that point in this investigation of evidence contradicting representations by Centra

Tech that the remaining 9,000 Ether units were proceeds of SHARMA's cryptocurrency trading that were not raised from Centra Tech investors, the 9,000 Ether units were left in the Seizure Wallet.

n. On or about May 2, 2018, the Government and SHARMA and his original counsel appeared for the first of two bail hearings before United States Magistrate Judge Debra C. Freeman of the Southern District of New York. At the first bail hearing, SHARMA through his counsel admitted that SHARMA had previously provided a false passcode to the Seizure Wallet in response to inquiries by the SEC. For example, according to the transcript of this bail hearing, SHARMA's counsel stated the following on behalf

~~of SHARMA on the record before Judge Freeman:~~

~~As you've just heard, my client was arrested on April 1st [in 2018]. Before his arrest, I can tell you I was representing him in the SEC matters since February [2018]. . . . That was the first that the defendant became aware that there is a criminal investigation. Up until then, it had been an SEC~~

investigation. He was no longer active in his company as of . . . October of 2017, and so he had November 29th is the day the SEC appeared and that is when the passcode situation arose where the SEC was informed that the virtual wallet [i.e., the Seizure Wallet] had been secured and the passcode was in two separate spots. Your Honor, we now know that that was not true. I cannot explain to the Court why that happened. I believe my client was very misguided, taking his own counsel and perhaps others. But that was misguided.

I had my first chance to speak with him face-to-face since he was arrested on April 1st, I met with him for the first time yesterday when he arrived in New York. Within a very short time of my meeting him, he told me the truth about the passcode, and I immediately told the Government where it could be found and his girlfriend met the FBI this morning and they found it under the kitchen drawer. . . . So I really — I cannot explain why he did not give the proper passcode. It may be a trust issue, I'm not sure.

(Exhibit G at 19-20.)

o. At SHARMA's first bail hearing on or about May 2, 2018, SHARMA also represented through his original counsel to Judge Freeman that the remaining 9,000 Ether units in the Seizure Wallet (then worth about \$6 million in U.S. dollars) belonged to SHARMA

and were not raised from Centra Tech investors. The Government explained that it was not aware at that time of evidence establishing probable cause to seize the remaining 9,000 Ether

units, but noted that the Government's investigation remains ongoing and that if the Government later learned of facts establishing probable cause to seize those funds, the Government

would seek to do so. After Judge Freeman expressed concerns that SHARMA could use those funds to flee if he were released on bail, SHARMA's counsel proposed placing the 9,000 Ether units in a different digital wallet that would be controlled by a trustee appointed on behalf of SHARMA and would not be accessible to SHARMA. To give SHARMA and his counsel enough time to prepare a bail package addressing Judge Freeman's concerns, Judge Freeman continued SHARMA's detention pending a further bail hearing, which took place on or about May 11, 2018.

p. At SHARMA's second bail hearing on or about May 11, 2018, SHARMA through his counsel proposed a bail package to Judge Freeman that would include a requirement that remaining 9,000 Ether units in the Seizure Wallet (among other assets) be placed in a trust, to be managed by a trustee, that would permit the trustee to use funds in the trust solely for enumerated expenses such as, for example, legal fees and living expenses for SHARMA, pursuant to a trust agreement to be approved by the Government and the Court. SHARMA's counsel reiterated on behalf of SHARMA that the 9,000 Ether units "is Mr. Sharma's money" (Exhibit H at 7-8 ("as the Court knows, there . . . is a virtual wallet, which still contains 9,000 of ether which is valued right now today a little bit over \$6 million that is Mr. Sharma's money")); and further that "although he would be the beneficiary of the trust, [he] would

have no ability to invade the trust" (Exhibit H at 8-9). Judge Freeman ordered that SHARMA be released on specified bail conditions and that he be detained until those bail conditions had been satisfied, including a bail condition requiring that SHARMA's assets in the Seizure Wallet "containing his funds (9,000 in ether, which the Court understands to be currently valued at approx. \$6 million) to be placed in trust, with a trust agreement to be reviewed by the [Government] and found acceptable."

16. I have reviewed transcripts of proceedings and other publicly available court filings in *Jacob Zowie Thomas Rensel v. Centra Tech, Inc. et al.*, 17 Civ. 24500 (JLK), a putative class securities fraud action by a lead plaintiff on behalf of Centra Tech investors against defendants Centra Tech, SHARMA, TRAPANI, and FARKAS, among others, that is pending before United States District Judge James L. King of the Southern District of Florida (the "Private Class Action"). Based these sources, I have learned the following, in substance and in part. After the FBI seized 91,000 of the 100,000 Ether units in the Seizure Warrant, the

~~defendants in the Private Class Action initially consented to the entry of a preliminary injunction freezing all 100,000 of the Ether~~

~~units in the Seizure Wallet, even though the defendants contended that the remaining funds of about 9,000 Ether units in the Seizure Wallet belonged to Centra Tech but were supposedly unrelated to~~

its ICO. (See ECF 17 Civ. 24500 (JLK), Docket Entry No. 79 at 15 n.10.) The defendants in the Private Class Action, however, subsequently revoked their consent to the seizure of the remaining 9,000 Ether units in the Seizure Wallet, and Judge King issued a preliminary injunction on or about September 25, 2018 that imposes an asset freeze over the 91,000 Ether units that are currently held in a digital wallet controlled by law enforcement but does not freeze or otherwise protect the remaining 9,000 Ether units in the Seizure Wallet. (ECF 17 Civ. 24500 (JLK), Docket Entry No. 95.)

The Remaining 9,000 Ether Units in the Seizure Wallet

17. Since SHARMA's bail hearings in May 2018, as a result of the continuing investigation in this matter, I and others at the FBI have become aware of facts, which are described below, that I respectfully submit furnish probable cause to believe that the remaining 9,000 Ether units in the Seizure Wallet represent proceeds of the Subject Offenses, and that the representations by Centra Tech and SHARMA to contrary were false and misleading.

~~18. As shown below, I respectfully submit that there is~~
probable cause to believe the following: (a) Centra Tech raised
 at least 100,000 Ether units during its ICO from investors who
 purchased Centra tokens, not 91,000 Ether units as claimed by
 Centra Tech and SHARMA; (b) the 100,000 Ether units that Centra

Tech transferred to the Seizure Wallet, including the 9,000 Ether units that remain in the Seizure Wallet after the seizure of the other 91,000 Ether units pursuant to the Prior Seizure Warrant, are traceable in whole or substantial part to funds raised by Centra Tech during and as part of its ICO; and (c) there is evidence described below establishing probable cause to believe that the remaining 9,000 Ether units in the Seizure Wallet are traceable, in whole or substantial part, to transactions in which Centra Tech raised 7,500 Ether units from Bitsset and 2,500 Ether units from an investor referred to by SHARMA as "Shin" in exchange for Centra tokens during the ICO Period, and both of these transactions are not included in the 91,000-Ether-unit-figure that Centra Tech has claimed represents the total of all the funds raised through its ICO.

19. Based on the following facts, I respectfully submit that there is probable cause to believe that Centra Tech raised at least 100,000 units of "Ether" or "ETH" from investors who purchased Centra tokens during Centra Tech's ICO, not 91,000 Ether units as previously claimed by Centra Tech and SHARMA:

a. As set forth in the Criminal Charging Documents,

during Centra Tech's ICO, Centra Tech published various whitepapers via the company's internet website to solicit investors to purchase Centra tokens in exchange for units of Ether.

Based on my review of a whitepaper that was downloaded from Centra Tech's website on or about August 3, 2017, I have learned the following, in substance and in part. According to this whitepaper, Centra Tech created a total of 100 million Centra tokens ("Issuance of Centra Tokens[:] 100,000,000*"), and planned to offer 68 million of the tokens to investors in exchange for units of Ether during the ICO ("[w]e will be offering 68% of all [100 million]

CTR Tokens to be created for purchase in our crowd sale to the public"), and planned to allocate the remaining 32 million of the tokens for specified business purposes and for distribution to Centra Tech's founders and others as incentive compensation ("[w]e will allocate 20% of all [100 million] CTR Tokens created to distribution of bug bounty, business development, community projects, market expansion, and more" and "[t]he remaining 12% will be distributed to Centra Techs founders, early investors, and employees as an incentive"). This whitepaper further provided that the Centra tokens would be offered at an exchange rate of 400

Centra tokens per unit of Ether ("Token Exchange Rate[:] 400 CTR

Centra tokens per 1 ETH"), yielding a total of 170,000 Ether units if Centra sold

68 million Centra tokens at that exchange rate ("Total Sale Goal

[:] 170,000 ETH").

b. Based on my review of text messages and other data recovered from the TRAPANI Cellphone, I have learned the following, in substance and in part:

i. On or about September 24, 2017, SHARMA, via the SHARMA Cellphone-1, engaged in a text message conversation with TRAPANI, via the TRAPANI Cellphone. Starting at approximately 6:18PM on or about September 24, 2017, TRAPANI text-messaged SHARMA: "We Gucci tunchi hitting 100k ETH." SHARMA responded: "Amazing."

ii. On or about September 26, 2017, SHARMA, via the SHARMA Cellphone-2 engaged in a text message conversation with TRAPANI, via the TRAPANI Cellphone. Starting at approximately 12:13AM on or about September 26, 2017, TRAPANI text-messaged SHARMA: "Niggas said 100k ETH," "Wild how we did that." SHARMA responded: "Nigga what," "I'm going to Korea to get us 26k more," "We gonna have 100K sitting . . . And 20K liquidated." TRAPANI wrote: "It's crazy Brodie lol."

iii. On or about October 2, 2017, SHARMA, via the SHARMA Cellphone-2, engaged in a group text message conversation with TRAPANI, via the TRAPANI Cellphone, and FARKAS, via a cellphone with a call number ending with "2656" (the "FARKAS Cellphone"). Starting at approximately 12:47PM on or about October 2, 2017, SHARMA text-messaged TRAPANI and FARKAS: "I did mad job stuff over the weekend," "Also got us 100K in ETH in the account And we still have 28.9M ctr left." TRAPANI wrote: "Good shit Was just watching it as you where moving it wondering what you where doing lol," "Perfect." Later in the group conversation, at approximately 12:48PM on or about October 2, 2017, SHARMA wrote: "Made it 100K in ETH for storage." Furthermore, starting at approximately 12:49PM on or about October 2, 2017 during this group conversation, SHARMA wrote: "I wanna flip like 5M of CTR," "Actually like 8.5M," "And hold 20M CTR and 100k ETH." TRAPANI responded: "Word."⁶

⁶ In the Private Class Action, Centra Tech publicly filed a declaration of its general counsel Allan Shutt (ECF Docket No. 17 Civ. 24500 (JLK), Docket Entry No. 26-1) making conclusory assertions that "Centra Tech's business records from its ICO demonstrate that, in total, Centra Tech ultimately raised a total of approximately 51,068,675 ETH from Centra token purchasers in addition to 40,000 ETH raised from Bitset and that the remaining sum of close

20. Based on the foregoing and the facts set forth below, I respectfully submit that there is probable cause to believe that the 9,000 Ether units that were left in the Seizure Wallet when the Prior Seizure Warrant was executed are traceable to proceeds of the Subject Offenses raised from investors who purchased Centra tokens during Centra Tech's ICO.

~~21. As set forth above, Centra Tech transferred~~
approximately 100,000 Ether units into the Seizure Wallet on or about November 29, 2017 in response to inquiries from the SEC; Centra Tech on or about January 18, 2018 provided the SEC with the Summary Spreadsheet purporting to show that Centra Tech raised a total of approximately 91,000 Ether units (40,000 Ether units from the "Korea Partners," a reference to Bitsset, and 51,000 Ether units from other investors) in exchange for Centra tokens issued during Centra Tech's ICO; and the FBI on or about May 2, 2018 transferred 91,000 of those Ether units to a digital wallet

to 9,000 ETH "represents funds outside of the ICO belonging to Centra Tech." This declaration does not disclose or address the above-quoted text messages to the contrary, does not state which business records support these conclusory assertions, does not state whether Shutt performed any Ether tracing analysis to support these conclusory assertions, and does not state whether Shutt relied on others at Centra Tech (such as SHARMA) to form these conclusory assertions.

As shown in this Affidavit, there is cause to believe that various records created by Centra Tech such as the January 18 Letter and Summary Spreadsheet purporting to disclose the sources of Centra Tech's ICO proceeds do not fully account for all of the ICO proceeds. For these reasons and based on the other facts set forth in this Affidavit, Shutt's declaration does not alter my belief that there is probable cause that Centra Tech raised at least 100,000 Ether units in the ICO and that the Remaining Subject Property represents proceeds of the Subject Offenses.

maintained by the FBI pursuant to the Prior Seizure Warrant based on a judicial determination that there was probable cause to believe that the 91,000 Ether units was subject to seizure and forfeiture as proceeds of the Subject Offenses.

22. Based on my review of text messages recovered from the TRAPANI Cellphone and records of Ether transactions that are publicly available via the internet as described below, I

respectfully submit that there is probable cause to believe that (a) there are transactions in which more than 9,000 Ether units were raised from Centra investors during the ICO that are not accounted for in the Summary Spreadsheet that Centra Tech created in response to inquiries from the SEC; and (b) that a substantial portion, if not all, of the 9,000 Ether units that comprise the Remaining Subject Property are traceable to such transactions. This belief is based on the following:

a. Based on my training and experience and my participation in this investigation, I have learned, in substance and in part, the following about transactions in Ether. "Ether"

or "ETH" is a digital currency, or cryptocurrency, whose transactions are stored on an internet-based platform called the

Ethereum blockchain. The Ethereum blockchain is a continuously growing list of records, called blocks, which are linked and secured using cryptography. The blockchain records transactions

between parties in a manner that is verifiable and resistant to modification. By inspecting the blockchain, anyone can review any Ether transaction ever made, although the identities of the participants in the transaction are anonymized and cannot be discerned without additional information. Records of Ether transactions on the Ethereum blockchain are viewable by the public at various websites available on the internet, including a website called Etherscan (available at <https://etherscan.io>) that is an Ethereum block explorer (the "Etherscan Website").

b. I have used the Etherscan Website to review and analyze transactions associated with digital wallet addresses that were used to receive or send Ether raised by Centra Tech during its ICO. As part of this analysis, I have also reviewed documents in which Centra Tech identified various digital wallets owned and controlled by Centra Tech, including the January 18 Letter and Summary Spreadsheet that Centra Tech created in response to inquiries from the SEC. From these sources and my analysis based upon them, I have learned, in substance and in part, the following:

1. The Seizure Wallet received a total of approximately 100,000 Ether units on or about November 29, 2017. Those funds originated from several digital wallets that Centra Tech has acknowledged belonged to it and were routed, via several intermediate digital wallets that (as shown below) are associated with Centra Tech, to the Seizure Wallet. The final routing wallet that transmitted the 100,000 Ether units to the Seizure Wallet on or about November 29, 2017 was a digital wallet with an address of

"0x494C7f57396CE9ef51A49B1377d40c3e095b206F" ("Centra Routing Wallet 1").

ii. Centra Routing Wallet 1 received a total of approximately 100,000 Ether units on or about October 17, 2017 from a digital wallet with an address of "0x2fA49Bd15512aA4a549b4ddB2181cA7edeAb14B4" ("Centra Routing Wallet 2").

iii. Centra Routing Wallet 2 received a total of approximately 102,000 Ether units, of which approximately 75,000 Ether units were received on or about October 17, 2017 from a digital wallet with an address of "0x71e5A90eDA0834bd0AaAAE51314929BFd1ea4294" ("Centra Routing Wallet 3") and approximately 27,000 Ether units were received on or about October 14, 2017 from a digital wallet with an address of "0x55107767B83A18b15258BfAf12ecB0dbe468DbE5" ("Centra Routing Wallet 4").

iv. Centra Routing Wallet 3 received approximately 90,000 Ether units on or about October 8, 2017 from a digital wallet with an address of "0x0E730C2731c875e4542c0Da2425F5119175FF6d0" ("Centra Routing Wallet 5"). Centra Routing Wallet 4 received approximately 15,000 Ether units from Centra Routing Wallet 3 on or about October 10, 2017, and received approximately 10,000 Ether units from Centra Routing Wallet 5 on or about October 8, 2017.

v. Centra Routing Wallet 5 received approximately 90,000 Ether units from a digital wallet with an address of "0x38874083663D11C952a7812acaf689Bc3595588c" ("Centra Routing Wallet 6") on or about September 27, 2017.

vi. Centra Routing Wallet 6 received more than 130,000 Ether units from a digital wallet with an address of "0x387792f7d2AA6e7Fa1312261cF36F5F6f6b97c00" through a series of transfers from on or about September 19 through September 26, 2017. According to the January 18 Letter that Centra Tech provided to the SEC, Centra Tech has identified this wallet address as the "Centra Token Owner" wallet (the "Centra Token Owner Wallet") and has represented that the Centra Token Owner Wallet was one of several wallet addresses used by Centra Tech to receive Ether from Centra token

purchasers during Centra Tech's ICO, along with the "Centra Token" wallet with an address of "0x96a65609a7b84e8842732deb08f56c3e21ac6f8a" (the "Centra Token Wallet"), the "Centra White List" wallet with an address of "0x5d268508179db4dA44De9057792758bFf280E3ed" (the "Centra White List Wallet"), and the "Centra Sale" wallet with an address of "0xbDB45d02D8eF8dc5E59aa58B26b99A4af3806bAa" (the "Centra Sale Wallet"). With respect to the 40,000 Ether units that Centra Tech received from "Korea Partners" (which, as set forth above, is a reference to Bitsset) in exchange for Centra tokens during Centra Tech's ICO, Centra Tech's January 18 Letter to the SEC further provides, in substance and in part, that Centra Tech received 3,000 of those Ether units using the Centra Token Owner Wallet and received the remaining 37,000 of those Ether units using a digital wallet with an address of "0x0445335f74da6e2119c648b79af8cc299474586f" ("Centra Bitsset Wallet"). According to the Etherscan Website, virtually all of the Ether in the Centra Bitsset Wallet was transferred to the Centra Sale Wallet and the Centra Routing Wallet 6 via a series of transfers on or about September 23, 2017.

vii. From my review of the Summary Spreadsheet that Centra Tech created in response to inquiries from the SEC and Centra Tech's accompanying January 18 Letter to the SEC, I have learned the following, in substance and in part. These documents purport to show that during Centra Tech's ICO (a) Centra Tech received approximately 18,356 Ether units via the Centra Token wallet, approximately 8,365 Ether units via the Centra White List Wallet, approximately 15,079 Ether units via the Centra Sale Wallet, and approximately 9,267 Ether units via the Centra Token Owner Wallet, for a total of approximately 51,000 Ether units, from a variety of Centra token purchasers identified in the Summary Spreadsheet; and (b) Centra Tech received approximately 40,000 Ether units via the Centra Token Owner Wallet and the Centra Bitsset Wallet from Centra token purchasers referred to as "Korea Partners," which is a reference to Bitsset.

c. For the following reasons, I respectfully submit that there is probable cause to believe that the Centra Routing Wallets 1 through 6 ("collectively, the "Centra Routing Wallets")

were owned and controlled by Centra Tech. First, from my review of the Etherscan Website, I have learned, in substance and in part, that the Centra Token Wallet, the Centra White List Wallet and the Centra Sale Wallet forwarded virtually all of the Ether that they received during Centra Tech's ICO to the Centra Token Owner Wallet. Second, as shown above, most of the Ether in the Centra Token Owner Wallet was forwarded, through the Centra Routing Wallets, to the Seizure Wallet. Because the Centra Routing Wallets both received Ether funds sent from the Centra Token Owner Wallet and sent such funds on toward the Seizure Wallet, which Centra Tech set up, I respectfully submit that there is probable cause to believe that the Centra Routing Wallets were owned and controlled by Centra Tech.

d. On or about October 2, 2018, SHARMA, via the SHARMA Cellphone-2, engaged in a group text message conversation with TRAPANI, via the TRAPANI Cellphone, and FARKAS, via the FARKAS Cellphone. As noted above, starting at approximately 12:47PM on or about October 2, 2017, SHARMA text-messaged TRAPANI and FARKAS:

"I did mad job stuff over the weekend," "Also got us 100K in ETH in the account And we still have 28.9M ctr left." TRAPANI

wrote: "Good shit Was just watching it as you where moving it wondering what you where doing lol," "Perfect." SHARMA

then responded: "Sold 7500 to bit set," "Moved 2500 over from that dude Shin."⁷

e. Based on my review of records of Ether transactions that are publicly available via the Etherscan website, I have learned, in substance and in part, the following. On or about October 2, 2017, which was the date on which SHARMA text-messaged TRAPANI and FARKAS that he had "Sold 7500 to bit set," a total of approximately 7,500 Ether units were transferred via two transactions from a digital wallet associated with Bitsset

⁷ With respect to the above-quoted text messages between SHARMA and his co-conspirator TRAPANI during Centra Tech's ICO indicating that Centra Tech raised 7,500 Ether units from Bitsset and 2,500 Ether units from "Shin," I have been informed by representatives of the Government that during recent communications between them and SHARMA's current counsel, SHARMA has claimed through his counsel that SHARMA was lying to TRAPANI in these text messages about the source of those funds because, according to SHARMA, he was worried that if he had told TRAPANI that these funds came from SHARMA's personal cryptocurrency trading activities, TRAPANI would have asked SHARMA to borrow all or a portion of those funds. As set forth in the Criminal Charging Documents and above, SHARMA has previously been convicted of perjury, made numerous fraudulent misrepresentations to dupe investors into providing funds to Centra Tech, and attempted to obstruct the SEC's parallel investigation by providing a false passcode to the Seizure Wallet after the SEC sought assurances from Centra Tech that victim-investor funds raised through the Subject Offenses were secure in the Seizure Wallet. Given SHARMA's record of perjury and history of deception and a lack of candor, and the timing and the self-serving nature of his claims denying the veracity of those contemporaneous text messages, I respectfully submit that there is probable cause to believe that these self-serving claims are false.

("Bitsset Wallet 1"),⁸ to the Centra Routing Wallet 5 associated with Centra Tech. On that same date, approximately 3,562,500 Centra tokens were transferred from the Centra Routing Wallet 5 to the Bitsset Wallet 1. As shown above, most of the 100,000 Ether units that Centra Tech later transferred to the Seizure Wallet are traceable to the Centra Routing Wallet 5.⁹

⁸ The Bitsset Wallet 1 refers to a digital wallet address of "0x9f51ca6a19c650555be53206b6a20d91681da7f6." According to the Summary Spreadsheet that Centra Tech created in response to inquiries from the SEC, Centra Tech received 3,000 Ether units through three transactions on or about August 30, 2017 from the "Korea Partners" via the digital wallet referred to herein as the Bitsset Wallet 1, and a transfer of 37,000 Ether units on or about September 23, 2017 from the "Korea Partners" via a digital wallet with an address of "0x65190d08f1f241cf2361e7c70a40c1d59400736b" ("Bitsset Wallet 2"). Based on the foregoing and the other facts set forth in this Affidavit, I believe that the Bitsset Wallet 1 and Bitsset Wallet 2 were associated with Bitsset.

⁹ I have been informed by representatives of the Government that during recent communications between them and SHARMA's current counsel, SHARMA has claimed through his counsel that the 3,562,500 Centra tokens transferred from the Centra Routing Wallet 5 to the Bitsset Wallet 1 were left in the Bitsset Wallet 1 until a few days after SHARMA's arrest on or about April 1, 2018 in this case, and that this demonstrates that the Bitsset Wallet 1 was actually controlled by Centra Tech and not an external investor such as Bitsset. Although requested to do so by the Government, SHARMA has not provided any corroborating evidence that the Bitsset Wallet 1 was owned or controlled by Centra Tech, although he has asserted that he had passcodes to various digital wallets that would have corroborated his claims but lost those passcodes as a result of cyber-hacks of various of his electronic devices. Since SHARMA and FARKAS were both arrested and detained on or about April 1, 2018, it is doubtful that they had the capacity to transfer or liquidate millions of Centra tokens from the Bitsset Wallet 1 a few days later while there were jailed. Moreover, from my training and experience and participation in this investigation, I

f. The Summary Spreadsheet that Centra Tech created for the SEC discloses four transactions in which Centra Tech raised a total of 40,000 Ether units from Bitsset: three transactions on or about August 30, 2017 in which Centra Tech received a total of 3,000 Ether units from the Bitsset Wallet 1, and a transaction on or about September 23, 2017 in which Centra Tech received a total of 37,000 Ether units from the Bitsset Wallet 2. The Summary Spreadsheet does not disclose any transfers of Ether from Bitsset to Centra Tech after September 23, 2017, let alone a transaction in which the Centra Routing Wallet 5 received 7,500 Ether units that are traceable to a transfer on or about October 2, 2017 from the Bitsset Wallet 1.

g. Based on the foregoing, I respectfully submit that there is probable cause to believe that Centra Tech has not accounted in the Summary Spreadsheet for the likelihood that the 9,000 Ether units that remain in the Seizure Wallet are traceable, in whole or in part, to the 7,500 Ether units that Centra Tech raised on or about October 2, 2017 from Bitsset.

~~I respectfully submit that it is not uncommon for investors who purchase securities (such as, in this case, Centra tokens) to hold them for substantial periods of time in the hope that they will appreciate. For these reasons and based upon the other evidence set forth in this Affidavit, I respectfully submit that there is probable cause to believe that the Bitsset Wallet 1 was, in fact, owned and controlled by Bitsset.~~

h. In addition, from my review of the Etherscan Website, I know that on or about October 2, 2017, which was the date on which SHARMA text-messaged TRAPANI and FARKAS that SHARMA had "Moved 2500 over from that dude Shin," approximately 2,500 Ether units were transferred from the Centra Routing Wallet 4 to the Centra Routing Wallet 5. A day earlier, the Centra Routing Wallet 4 received 5,200 Ether units from a digital wallet associated with Bitsset referred to herein as the "Bitsset Routing Wallet 1,"¹⁰ and the Bitsset Routing Wallet 1 received approximately 1,742,000 Centra tokens. As shown above, of the 100,000 Ether units that Centra Tech later transferred to the Seizure Wallet, a substantial portion (approximately 27,000 Ether units) are traceable to the Centra Routing Wallet 4, and most are traceable to the Centra Routing Wallet 5.

i. The Summary Spreadsheet that Centra Tech created for the SEC does not disclose any transactions in which the Centra

¹⁰ The Bitsset Routing Wallet 1 is a digital wallet with an address of "0xcb7b1fd4d3a097a796bb3bcd863b1fd5e90a3cf," which received 5,219 Ether units from a digital wallet with an address of "0xcE7fD61737092Ac648fBC982Efc39b628a8713F9" the same day (~~"Bitsset Routing Wallet 2"~~), which in turn received thousands of Ether units from, and sent thousands of Ether units to, the Bitsset Wallet 1 during a series of transactions from on or about September 30 through October 1, 2017. Based on the foregoing, I respectfully submit that there is probable cause to believe that the Bitsset Routing Wallet 1 and Bitsset Routing Wallet 2 are associated with the Bitsset Wallet 1.

Routing Wallet 4 received Ether units from a Centra token purchaser, and does not disclose any transfers of Ether from Bitsset to Centra Tech after September 23, 2017, let alone a transaction in which a digital wallet associated with Centra Tech received 2,500 Ether units that are traceable to a transfer on or about October 1, 2017 from the Bitsset Routing Wallet 1.

j. Based on the foregoing, there is probable cause to believe that Centra Tech has not accounted in the Summary Spreadsheet for the likelihood that the 9,000 Ether units that remain in the Seizure Wallet are traceable, in part, to 5,200 Ether units that Centra Tech raised on or about October 1, 2017 from an individual referred to by SHARMA as "Shin" who may be affiliated with Bitsset.¹¹

¹¹ I have been informed by representatives of the Government that during recent communications between the Government and SHARMA's current counsel, SHARMA has claimed through his counsel that specified trading records of SHARMA's cryptocurrency trading activities (via a cryptocurrency exchange called Coinbase) before Centra Tech's ICO began in late July 2017 support SHARMA's claims that the 9,000 Ether units remaining in the Seizure Wallet are actually proceeds of his pre-ICO cryptocurrency trading, and not ICO proceeds of the charged Subject Offenses. From my review of these records, I have learned that these records reveal the following, in substance and in part. During the period from on or about May 23, 2017, when SHARMA opened a Coinbase account in his name, through the end of July 2017, which is the month in which Centra Tech's ICO began, SHARMA deposited about \$111,040 into his Coinbase account, acquired a total of approximately 471 Ether units, and acquired a total of approximately 10.7 Bitcoin units (worth about 131 Ether units as of or about July 26, 2017). While this arguably shows that SHARMA had acquired 471 Ether units and

23. By viewing the Etherscan Website earlier today, I was able to confirm that the Remaining Subject Property consisting of approximately 9,000 Ether units were in the Seizure Wallet as of this morning, and that the estimated value of the Remaining Subject Property is more than \$1,855,000 at the current Ether-to-dollar exchange rate.

24. Based on the facts set forth above, my participation in this investigation, and my consultations with other FBI agents, including one with significant training and experience in investigations of crimes involved digital currencies, I believe and respectfully submit that as long as the Remaining Subject Property was retrievable via the Seizure Wallet, there existed a significant danger that the Remaining Subject Property could be dissipated. For example, as set forth above, SHARMA initially provided a false passcode to the Seizure Wallet, and although he eventually made the actual passcode to the Seizure Wallet available

other assets worth about 131 Ether units before Centra Tech's ICO began, it does not show that he possessed 9,000 Ether units before the ICO. Furthermore, although requested to do so by the Government, SHARMA has not produced or identified any records of ~~Ether transactions tracing SHARMA's pre-ICO Ether holdings to the~~ 9,000 Ether units in the Seizure Warrant. For these reasons and ~~based on the other facts set forth in this Affidavit, these~~ Coinbase trading records do not alter my belief that there is probable cause to believe that the remaining 9,000 Ether units in the Seizure Wallet are ICO proceeds of the charged Subject Offenses.

to the FBI after his co-defendant FARKAS was detained until the Prior Seizure Warrant was complied with, it is possible that he has retained a copy of the actual passcode to the Seizure Wallet. If SHARMA secretly maintained a copy of the actual passcode to the Seizure Wallet, he or an associate could use that copy of the passcode to dissipate the Remaining Subject Property via any computer with internet access.

25. I have been informed by representatives of the Government that during a telephone call earlier today between them and SHARMA's current counsel, the following occurred in substance and in part. The Government notified SHARMA through his counsel that the Government has uncovered evidence furnishing probable cause to seize the Remaining Subject Property (which SHARMA's counsel may have intended to use to cover his legal fees for representing SHARMA) and intended to seize the Remaining Subject Property. The Government asked SHARMA's counsel whether SHARMA possessed a copy of the passcode or other means of accessing the 9,000 Ether units that had been left in the Seizure Wallet, and SHARMA's counsel stated that he could not confirm or deny that without divulging privileged communications between himself and his client.

26. Based on the presence of exigent circumstances as long as the Remaining Subject Property was contained in the Seizure

Wallet (including (a) the significant danger that SHARMA could easily and swiftly dissipate the Remaining Subject Property using a copy of the passcode to retrieve the Remaining Subject Property from the Seizure Wallet, and (b) the fact that SHARMA's counsel was notified earlier today that the Government plans to seize the Remaining Subject Property from the Seizure Wallet), I transferred the Remaining Subject Property from the Seizure Wallet to a secure digital wallet maintained by the FBI earlier today, pursuant to Title 18, United States Code, Section 981(b)(2)(B)(ii).

27. Accordingly, I respectfully request that the instant warrant be granted to authorize this seizure of the Remaining Subject Property and to permit the FBI to retain the Remaining Subject Property in an FBI-maintained digital wallet until further order of the Court in order to preserve the Remaining Subject Property for forfeiture to the United States.

SEIZURE AND FORFEITURE AUTHORITY

28. The statutory provisions pursuant to which the Remaining Subject Property is subject to seizure and forfeiture are as follows:

29. Title 18, United States Code, Section 981(a)(1)(C)

subjects to civil forfeiture:

[a]ny property, real or personal, which constitutes or is derived from proceeds traceable to . . . any offense constituting 'specified unlawful activity' (as defined

in section 1956(c)(7) of this title), or a conspiracy to commit such offense.

18 U.S.C. § 1956(c)(7)(A) provides that the term "specified unlawful activity" includes "any act or activity constituting an offense listed in section 1961(1) of this title". Section 1961(1), in turn, includes "section 1343 (relating to wire fraud)," and "fraud in the sale of securities." In the case of "illegal goods, ~~illegal services, and unlawful activities,~~" 18 U.S.C. §

981(a)(2)(A) defines the term "proceeds" as "property of any kind obtained directly or indirectly, as the result of the commission of the offense giving rise to forfeiture, and any property traceable thereto." Accordingly, the Remaining Subject Property is subject to civil forfeiture to the United States of America pursuant to 18 U.S.C. §§ 981(a)(1)(C) as proceeds of the crimes of conspiracy to commit, and the commission of, securities fraud and wire fraud.

30. Section 981(b)(1) of Title 18 provides that any property subject to civil forfeiture to the United States under 18 U.S.C.

§ 981(a) may be seized by the Attorney General. Section 981(b)(2) provides that such a seizure may be made "pursuant to a warrant

~~obtained in the same manner as provided for a search warrant under the Federal Rules of Criminal Procedure."~~

31. In addition, Section 981(b)(3) of Title 18 provides that, notwithstanding the provisions of Federal Rule of Criminal Procedure 41(a), a seizure warrant may be issued pursuant to Section 981(b) by a judicial officer in any district in which a forfeiture action against the property may be filed under Title 28, United States Code, Section 1355(b). Under Section 1355(b)(1)(A), a forfeiture action or proceeding may be brought in the district in which any of the acts or omissions giving rise to the forfeiture occurred. Section 981(b)(3) further provides a seizure warrant "may be executed in any district in which the property is found."

32. For the foregoing reasons, the Remaining Subject Property is subject to both seizure and forfeiture, and a warrant for its seizure may be issued in the Southern District of New York, the district where some of the acts and omissions giving rise to the forfeiture occurred.

CONCLUSION


33. For the reasons set forth above, I respectfully request that the Court issue a seizure warrant pursuant to 18 U.S.C. § 981 for the Remaining Subject Property.

34. Although the Indictment against three of Centra Tech co-founders SHARMA, TRAPANI and FARKAS has been unsealed, the full scope of the ongoing criminal investigation in this matter has not

been made public, including ongoing law enforcement efforts to determine whether any other co-conspirators involved in the Subject Offenses should be charged with criminal offenses and law enforcement efforts to identify any proceeds of the Subject Offenses, separate from and in addition to the Original Subject Property and the Remaining Subject Property, that are subject to forfeiture to the United States.

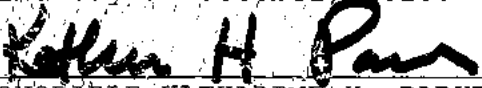
35. Accordingly, I also respectfully request that this Affidavit be sealed until further order of the Court so as not to jeopardize the ongoing investigation of this matter, except that the Government may without further order from this Court produce this Affidavit in the Criminal Case and in any other criminal or forfeiture proceedings as necessary to comply with any discovery and disclosure obligations.

Dated: New York, New York
October 22, 2018



BRANDON S. RACZ
Special Agent
Federal Bureau of Investigation

Sworn to before me this
22nd day of October, 2018:



HONORABLE KATHARINE H. PARKER
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK

It is hereby ORDERED that this Affidavit shall remain under seal until further Order of the Court (subject to the exceptions set forth in paragraph 35 above).

SO ORDERED



HONORABLE KATHARINE H. PARKER
UNITED STATES DISTRICT JUDGE
SOUTHERN DISTRICT OF NEW YORK

Exhibit A

Exhibit A

18 MAG 3177

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

- - - - - X
91,000 ETHER CURRENTLY ON DEPOSIT :
IN ETHER WALLET ADDRESS :
0xdA6F983076725cB2899205A16E16d1e :
d60a0067A :
- - - - - X

WARRANT OF SEIZURE
PURSUANT TO 18 U.S.C. § 981

~~TO: ANY LAW ENFORCEMENT OFFICER AUTHORIZED BY LAW~~

An Affidavit having been made before me by Kristin Allain, a Special Agent with the Federal Bureau of Investigation, that she has reason to believe that the above-captioned property is subject to seizure and forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C), and as I am satisfied that there is probable cause to believe that the property so described is subject to seizure and forfeiture pursuant to said statute,

YOU ARE HEREBY COMMANDED AND AUTHORIZED to seize the property described below by effectuating an electronic or digital transfer over the internet, or by serving a copy of this warrant of seizure upon any person or entity presently in possession or control of the property and directing them to effectuate such a transfer:

91,000 ETHER CURRENTLY ON DEPOSIT IN ETHER WALLET
ADDRESS 0xdA6F983076725cB2899205A16E16d1ed60a0067A

YOU ARE FURTHER COMMANDED AND AUTHORIZED to prepare a written inventory of the property seized and promptly return this warrant and inventory before this Court as required by law.

Dated: New York, New York
April 13, 2018

SO ORDERED

THE HONORABLE ROBERT W. LEHRBURGER
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK

18 MAG 3177

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK----- X
UNITED STATES OF AMERICA :

- v. - :

91,000 ETHER CURRENTLY ON DEPOSIT :
IN ETHER WALLET ADDRESS :
0xdA6F983076725cB2899205A16E16d1e :
d60a0067A, :

Defendant-In-Rem. :

TO BE FILED UNDER SEALAFFIDAVIT IN SUPPORT
OF SEIZURE WARRANT
PURSUANT TO
18 U.S.C. § 981----- X
STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.:
SOUTHERN DISTRICT OF NEW YORK)

KRISTIN ALLAIN, being duly sworn, deposes and says:

1. I am a Special Agent with the Federal Bureau of Investigation ("FBI"), and have been employed by the FBI since July 2017. Prior to joining the FBI, I earned a bachelor's of science degree in chemistry, a master's degree in business administration, and a juris doctorate, as well as a license to practice law in Florida. I am currently assigned to a squad within the FBI responsible for investigating complex financial crimes, including crimes involving wire fraud, bank fraud, securities fraud, money laundering, and other white-collar crimes. At the

FBI, I have participated in several investigations of such offenses.

2. This affidavit is submitted in support of the Government's application for the issuance of a warrant to seize and forfeit:

91,000 ETHER CURRENTLY ON DEPOSIT IN AN ETHER WALLET THAT HAS BEEN ASSIGNED THE ADDRESS 0xdA6F983076725cB2899205A16E16d1ed60a0067A (the "Subject Property").

3. As more fully described below, "Ether" is a digital ~~currency that is stored on the internet in applications referred~~ to as digital wallets. Each digital wallet is assigned a unique alphanumeric identifier known as an address, and each digital wallet can only be accessed using a unique alphanumeric string known as a private key or passcode. The Subject Property is subject to forfeiture to the United States of America as the proceeds of unlawful activity, namely a conspiracy to commit, and the commission of, securities fraud and wire fraud.

4. The information contained in this Affidavit is based upon my personal knowledge and involvement in the investigation of this matter, as well as information obtained from other sources, including conversations with others, as well as my review of documents gathered during the course of this investigation.

~~Because this Affidavit is being submitted for the limited purpose~~

~~of seizing criminal proceeds, it does not include every fact that~~

~~I have learned during the course of the investigation. Where the~~

contents of documents and actions, statements and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

PROBABLE CAUSE

A. Probable Cause as to the Commission of the Subject Offenses

5. On or about March 31, 2018, United States Magistrate Judge James L. Cott of the Southern District of New York signed a criminal complaint (the "Criminal Complaint") charging SOHRAB SHARMA and ROBERT FARKAS with the crimes of conspiracy to commit securities fraud, securities fraud, conspiracy to commit wire fraud, and wire fraud (the "Subject Offenses"); arrest warrants authorizing their arrests based on the charges set forth in the Criminal Complaint; and also warrants and orders directing the service providers for a cellphone associated with SHARMA and a cellphone associated with FARKAS to provide cellphone location information to the FBI that were issued based on the facts set forth in a supporting warrant affidavit (the "Warrant Affidavit"). Copies of the Criminal Complaint and Warrant Affidavit are attached hereto as Exhibits A and B and are incorporated by reference as though fully set forth herein.

6. Based on the facts detailed in the Criminal Complaint and the Warrant Affidavit, I respectfully submit that there is probable cause to believe the following, in substance and in part:

a. From at least in or about July 2017 through in or about March 2018, SOHRAB SHARMA and ROBERT FARKAS, two co-founders of Centra Tech, Inc. ("Centra Tech"), began soliciting investors to purchase Centra Tech tokens, a cryptocurrency that functions as an unregistered security in Centra Tech, through a so-called "initial coin offering" or "ICO." As part of this effort, SHARMA and FARKAS, in oral and written offering materials that were disseminated via the internet, represented that Centra Tech had developed a debit card, namely the so-called "Centra Card," that allowed users to spend the cryptocurrency of their choice to make purchases at any establishment that accepts Visa or Mastercard.

b. In soliciting investors to purchase unregistered securities in the form of Centra Tech tokens, SHARMA and FARKAS represented that Centra Tech had formed a partnership with Bancorp to have Bancorp issue Centra Cards licensed by Visa or Mastercard, and that Centra Tech held financial servicing licenses in 38 states, among other claims. Based in part on these claims, victims provided funds worth more than \$25 million in investments for the purchase of Centra Tech tokens.

c. The claims that SHARMA and FARKAS made to help secure these investments, however, were false. In fact, Centra Tech had no such relationships with Bancorp, Visa, or Mastercard, and at least seven of those 38 states have no record of any such licenses being issued to Centra Tech.

7. Following the issuance of the Criminal Complaint, SHARMA and FARKAS were arrested on or about April 1, 2018, in the Southern District of Florida, and both were presented on the Criminal Complaint before United States Magistrate Judge Lurana S. Snow in the Southern District of Florida on or about April 2, 2018. SHARMA and FARKAS subsequently consented to their detention and removal to the Southern District of New York for further proceedings on

the Criminal Complaint, without prejudice to their ability to apply for their releases on bail upon their arrival in the Southern District of New York.

B. Probable Cause as to the Subject Property

8. There is probable cause to believe that the Subject Property constitutes proceeds of the Subject Offenses and is subject to forfeiture to the United States of America. Based on the facts set forth in the Criminal Complaint and Warrant Affidavit, as well as other information I have learned as part of this investigation, including my conversations with my fellow case agent from the FBI and other law enforcement officials familiar with this matter, my conversations with my fellow FBI case agent about his conversations with representatives of the United States Securities and Exchange Commission ("SEC") concerning information and evidence gathered by the SEC as part of the SEC's parallel investigation of Centra Tech, and information that I have received from SEC, I have learned the following, in substance and in part:

- a. In or about the fourth quarter of 2017, the SEC initiated an investigation of Centra Tech. As part of that investigation, the SEC issued a subpoena on or about November 29, 2017 to Centra Tech, care of Centra Tech's outside counsel at a law firm that was retained to represent Centra Tech. The subpoena compelled Centra Tech to produce a variety of documents, including various documents relating to two of Centra Tech's co-founders, SOHRAB SHARMA and ROBERT FARKAS.

b. During Centra Tech's outside counsel's representation of Centra Tech, the outside counsel engaged in several conversations with representatives of the SEC working on the SEC's investigation. Centra Tech's outside counsel also had separate conversations with representatives of the United States Attorney's Office for the Southern District of New York and the FBI with respect to the parallel criminal investigation relating to Centra Tech. During these conversations, Centra Tech's outside counsel represented the following, in substance and in part, on behalf of Centra Tech:

i. During Centra Tech's offering of Centra Tech tokens to members of the public during the period from approximately July 2017 through October 2017, purchasers of Centra Tech tokens provided funds in the form of digital currency (specifically, approximately 91,000 units in a digital currency known as "Ether") in exchange for Centra Tech tokens (namely, the Subject Property). The Subject Property, consisting of funds totaling approximately 91,000 Ether units, and other digital assets, were placed in a particular digital wallet, which was only accessible via a passcode possessed by SOHRAB SHARMA, one of the co-founders of Centra Tech. (Based on the facts set forth in the Criminal Complaint, there is probable cause to believe that the 91,000 Ether units comprising the Subject Property were solicited through fraudulent misrepresentations and omissions by SOHRAB SHARMA and ROBERT FARKAS, two co-founders of Centra Tech, as part of their commission of the Subject Offenses, and thus that those funds represent proceeds and fruits of the Subject Offenses.)

ii. After the SEC made Centra Tech aware of the SEC's investigation of Centra Tech by serving a subpoena on Centra Tech, Centra Tech transferred all of the digital assets in that digital wallet, including the Subject Property, to a different digital wallet with its own unique passcode (the "Digital Wallet"). According to representations

of Centra Tech through its outside counsel, the purported passcode to access this Digital Wallet was written on a piece of paper that was divided into halves that were given to Centra Tech's Chief Operating Officer, ROBERT FARKAS, and Centra Tech's General Counsel and Chief Compliance Officer, Allan Shutt, respectively. According to representations by Centra Tech through its outside counsel, the combination of those halves of the paper supposedly represents the only copy of the passcode to the Digital Wallet. The half of the paper given to FARKAS, containing part of the purported passcode, was placed in a safe deposit box in FARKAS' name at a bank; and the other half of the paper given to Shutt, containing the remainder of the purported passcode, was placed in a safe deposit box in Shutt's name in a different bank.

c. On or about April 10, 2018, Centra Tech's General Counsel and Chief Compliance Officer, Allan Shutt, provided his half of what was purported to be the passcode to the Digital Wallet to FBI agents in the Southern District of Florida in response to grand jury subpoenas that were previously served on Centra Tech.

d. On or about April 11, 2018, FBI agents in the Southern District of Florida retrieved FARKAS' half of what was purported to be the passcode to the Digital Wallet pursuant to a judicially authorized search warrant issued by United States Magistrate Judge Barry S. Seltzer of that District that was issued based on the facts set forth in a supporting warrant affidavit (the "Search Warrant Affidavit"). The Search Warrant Affidavit is attached as Exhibit C and incorporated by reference as though fully set forth herein.

e. Last week, during the period between the arrest of FARKAS on or about April 1, 2018 on the charges set forth in the Criminal Complaint and the FBI's recovery of FARKAS' half of the purported passcode to the Digital Wallet on or about April 11, 2018, an unidentified female called the bank branch in which FARKAS kept his portion of what was purported to be the passcode in a safe deposit box and demanded access

to the safe deposit box, claiming that she had a power of attorney signed by FARKAS giving her authorization to access and retrieve the contents of the safe deposit box. This demand was denied by the bank.

9. After FBI agents in the Southern District of Florida gained possession of both Schutt's and FARKAS' halves of paper containing what was purported to be the passcode to the Digital Wallet containing the Subject Property, the agents sent images of that purported passcode to other FBI agents in the Southern District of New York who have been working on this investigation, including an FBI agent who has significant training and experience in investigations of crimes involved digital currencies. Based on the presence of exigent circumstances as long as the Subject Property is contained in the Digital Wallet set up by Centra Tech, including the significant danger that the Subject Property could easily and swiftly be dissipated if any of the Centra Tech co-founders charged in the Criminal Complaint has a copy of the actual passcode to retrieve the Subject Property, the FBI attempted to use the purported passcode (documented on the paper fragments that had been possessed by Schutt and FARKAS) to transfer the Subject Property from the Digital Wallet set up by Centra Tech to a secure digital wallet maintained by the FBI, pursuant to Title 18, United States Code, Section 981(b)(2)(B)(i). After attempting to use the purported passcode to access the Digital Wallet containing the

Subject Property, I learned that the passcode formed by combining both Schutt's and FARKAS' halves of paper did not work and was unable to provide access to the Subject Property.

10. Although that purported passcode to the Digital Wallet did not work, by viewing publicly available Ether software earlier today, I have been able to confirm that the Subject Property consisting of approximately 91,000 Ether units, and other digital assets, are presently in the Digital Wallet, and that the estimated value of the Subject Property is approximately \$46 million (and the estimated value of all of the digital assets in the Digital Wallet is approximately \$51 million).

11. Based on the facts set forth above, my participation in this investigation, and my consultations with other FBI agents, including one with significant training and experience in investigations of crimes involved digital currencies, I believe and respectfully submit that as long as the Subject Property is retrievable via a passcode that is unknown to the FBI, there exists a significant danger that the Subject Property could be dissipated.

For example, Centra Tech's representations that the passcode in the possession of Schutt and FARKAS provided access to the Subject

Property in the Digital wallet have turned out to be inaccurate,

and there is no way to confirm with certainty whether anyone else

has access to the actual passcode to the Digital Wallet either

directly or indirectly. If one of the Centra Tech co-founders charged in the Criminal Complaint secretly maintained a copy of the actual passcode to the Digital Wallet, he or an associate could use that copy of the passcode to dissipate the Subject Property via any computer with internet access.

12. Accordingly, I respectfully request that the instant warrant be granted to allow the FBI and other authorized law enforcement agents to effectuate an electronic or digital transfer over the internet to move the Subject Property into an FBI-maintained digital wallet until further order of the Court in order to preserve the Subject Property for forfeiture to the United States. Because without a passcode, the FBI will be unable to effectuate such a transfer, and because the passcode obtained from Schutt's and FARKAS' halves of paper did not work to provide access to the Subject Property, I further request that the instant warrant command any person or entity presently in possession or control of the Subject Property to effectuate such a transfer to the FBI or other authorized law enforcement agents.

SEIZURE AND FORFEITURE AUTHORITY

13. The statutory provisions pursuant to which the Subject Property is subject to seizure and forfeiture are as follows:

14. Title 18, United States Code, Section 981(a)(1)(C) subjects to civil forfeiture:

[a]ny property, real or personal, which constitutes or is derived from proceeds traceable to . . . any offense constituting 'specified unlawful activity' (as defined in section 1956(c)(7) of this title), or a conspiracy to commit such offense..

18 U.S.C. § 1956(c)(7)(A) provides that the term "specified unlawful activity" includes "any act or activity constituting an offense listed in section 1961(1) of this title". Section 1961(1), in turn, includes "section 1343 (relating to wire fraud)," and "fraud in the sale of securities." In the case of "illegal goods, illegal services, and unlawful activities," 18 U.S.C. § 981(a)(2)(A) defines the term "proceeds" as "property of any kind obtained directly or indirectly, as the result of the commission of the offense giving rise to forfeiture, and any property traceable thereto." Accordingly, the Subject Property is subject to civil forfeiture to the United States of America pursuant to 18 U.S.C. §§ 981(a)(1)(C) as proceeds of the crimes of conspiracy to commit, and the commission of, securities fraud and wire fraud.

15. Section 981(b)(1) of Title 18 provides that any property subject to civil forfeiture to the United States under 18 U.S.C. § 981(a) may be seized by the Attorney General. Section 981(b)(2) provides that such a seizure may be made "pursuant to a warrant obtained in the same manner as provided for a search warrant under the Federal Rules of Criminal Procedure."

16. In addition, Section 981(b)(3) of Title 18 provides that, notwithstanding the provisions of Federal Rule of Criminal Procedure 41(a), a seizure warrant may be issued pursuant to Section 981(b) by a judicial officer in any district in which a forfeiture action against the property may be filed under Title 28, United States Code, Section 1355(b). Under Section 1355(b)(1)(A), a forfeiture action or proceeding may be brought in the district in which any of the acts or omissions giving rise to the forfeiture occurred. Section 981(b)(3) further provides a seizure warrant "may be executed in any district in which the property is found."

17. For the foregoing reasons, the Subject Property is subject to both seizure and forfeiture, and a warrant for its seizure may be issued in the Southern District of New York, the district where some of the acts and omissions giving rise to the forfeiture occurred.


CONCLUSION

18. For the reasons set forth above, I respectfully request that the Court issue a seizure warrant pursuant to 18 U.S.C. § 981 for the Subject Property.

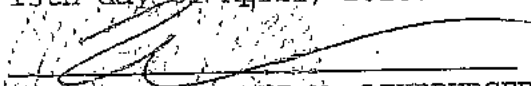
19. Although the Criminal Complaint against two of Centra Tech's co-founders has been unsealed, the full scope of the ongoing criminal investigation in this matter has not been made public, including law enforcement efforts to determine whether any co-conspirators in the Subject Offenses should also be charged with criminal offenses and law enforcement efforts to identify any proceeds of the Subject Offenses, separate and apart from the Subject Property, subject to forfeiture to the United States.

20. Accordingly, I also respectfully request that this Affidavit be sealed until further order of the Court so as not to jeopardize the ongoing investigation of this matter, except that the Government may without further order from this Court produce this Affidavit in any criminal or forfeiture proceedings as necessary to comply with any discovery and disclosure obligations.

Dated: New York, New York
April 13, 2018


KRISTIN ALLAIN
Special Agent
Federal Bureau of Investigation

Sworn to before me this
13th day of April, 2018:


HONORABLE ROBERT W. LEHRBURGER
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK

It is hereby ORDERED that this Affidavit shall remain under seal until further Order of the Court (subject to the exceptions set forth above in paragraph 20).

SO ORDERED



HONORABLE ROBERT W. LEHRBURGER
UNITED STATES MAGISTRATE JUDGE

EXHIBIT A

Approved: *[Signature]*

NEGAR TEKEEI / SAMSON ENYER
Assistant United States Attorneys

18 MAG 2685

Before: HONORABLE JAMES L. COTT
United States Magistrate Judge
Southern District of New York

UNITED STATES OF AMERICA

- v. -

SOHRAB SHARMA,
a/k/a "Sam Sharma," and
Robert Farkas,
a/k/a "Bob,"

Defendants.

SEALED COMPLAINT

Violations of
15 U.S.C. §§ 78j(b), 78ff;
17 C.F.R. §§ 240.10b-5; 18
U.S.C. §§ 371, 1343, 1349
and 2
COUNTY OF OFFENSES:
New York

SOUTHERN DISTRICT OF NEW YORK, ss.:

BRANDON RACZ, being duly sworn, deposes and says that he is
a Special Agent with the Federal Bureau of Investigation ("FBI")
and charges as follows:

COUNT ONE

(Conspiracy To Commit Securities Fraud)

1. From at least in or about July 2017, up to and
including the date of this Complaint, in the Southern District
of New York and elsewhere, SOHRAB SHARMA, a/k/a "Sam Sharma,"
and ROBERT FARKAS, a/k/a "Bob," the defendants, and others known
and unknown, willfully and knowingly did combine, conspire,
confederate, and agree together and with each other to commit
offenses against the United States, to wit, securities fraud, in
violation of Title 15, United States Code, Sections 78j(b) and
78ff, and Title 17, Code of Federal Regulations, Section
240.10b-5.

2. It was a part and object of the conspiracy that SOHRAB
SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the
defendants, and others known and unknown, willfully and

knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce and of the mails, and of the facilities of national securities exchanges, would and did use and employ manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon persons, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, to wit, the defendants and others known and unknown participated in a scheme to defraud purchasers of Centra Tech, Inc. ("Centra Tech") cryptocurrencies by making material misrepresentations about Centra Tech, its purported partnerships with Bancorp, Visa and Mastercard, its products, its licensing in various states, and its executive personnel, causing investors to purchase more than \$25 million worth of Centra Tech cryptocurrencies, which function as unregistered securities, during the time period of Centra Tech's initial coin offering.

Overt Acts

3. In furtherance of the conspiracy and to effect its illegal object, SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, and others known and unknown, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. On or about August 14, 2017, SHARMA, in an interview by a cryptocurrency podcast, made material misrepresentations about an initial coin offering for the digital assets and cryptocurrency company Centra Tech, for which he was a founder, President, and Chief Technology officer at various times.

b. On or about September 6, 2017, FARKAS, a chief marketing officer for Centra Tech, sent an email to an individual at a marketing company describing Centra Tech's currency conversion capabilities as "allow[ing] real time conversion of all supported cryptocurrencies to give the user the ability to spend their assets in real time anywhere in the world that accepts Visa or Mastercard."

c. On or about November 28, 2017, FARKAS attended a blockchain technology conference in New York City, New York, on behalf of Centra Tech, a sponsor of the conference, for the purpose of promoting Centra Tech and its products.

(Title 18, United States Code, Section 371.)

COUNT TWO
(Securities Fraud)

4. From at least in or about July 2017, up to and including the date of this Complaint, in the Southern District of New York and elsewhere, SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, and others known and unknown, willfully and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce and of the mails, and of the facilities of national securities exchanges, used and employed manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon persons, to wit, the defendants and others known and unknown participated in a scheme to defraud purchasers of Centra Tech cryptocurrencies by making material misrepresentations about Centra Tech, its purported partnerships with Bancorp, Visa and Mastercard, its products, its licensing in various states, and its executive personnel, causing investors to purchase more than \$25 million worth of Centra Tech cryptocurrencies, which function as unregistered securities, during the time period of Centra Tech's initial coin offering.

(Title 15, United States Code, Sections 78j(b) & 78ff;
Title 17, Code of Federal Regulations, Sections 240.10b-5; and
Title 18, United States Code, Section 27.)

COUNT THREE
(Conspiracy To Commit Wire Fraud)

5. From at least in or about July 2017, up to and including the date of this Complaint, in the Southern District of New York and elsewhere, SOHRAB SHARMA, a/k/a "Sam Sharma,"

and ROBERT FARKAS, a/k/a "Bob," the defendants, and others known and unknown, willfully and knowingly combined, conspired, confederated, and agreed together and with each other to commit offenses against the United States, to wit, wire fraud, in violation of Title 18, United States Code, Section 1343.

6. It was a part and an object of the conspiracy that SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, would and did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343, to wit, the defendants and others known and unknown participated in a scheme to defraud purchasers of Centra Tech cryptocurrencies by making material misrepresentations about Centra Tech, its purported partnerships with Bancorp, Visa and Mastercard, its products, its licensing in various states, and its executive personnel.

(Title 18, United States Code, Section 1349.)

COUNT FOUR
(Wire Fraud)

7. From at least in or about July 2017, up to and including the date of this Complaint, in the Southern District of New York and elsewhere, SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, and attempting to do so, did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, the defendants and others known and unknown participated in a scheme to defraud purchasers of Centra Tech cryptocurrencies by making material misrepresentations about Centra Tech, its purported partnerships with Bancorp, Visa and Mastercard, its products, its licensing in various states, and its executive personnel, and in the course of executing such scheme, caused interstate and international wires to be sent, including emails between New

York, New York and Florida and a location outside of the United States.

(Title 18, United States Code, Section 1343 and 2.)

The bases for my knowledge and for the foregoing charges are, in part, as follows:

8. I have been a Special Agent with the FBI for approximately two and a half years. I am currently assigned to a squad that investigates white collar crimes, including complex financial frauds and conduct within the regulatory jurisdiction of the U.S. Securities and Exchange Commission ("SEC"). I have participated in investigations of such offenses, and have made and participated in arrests of individuals who have committed such offenses.

9. The information contained in this Complaint is based upon my personal knowledge, as well as information obtained during this investigation, directly or indirectly, from other sources, including, but not limited to: (a) business records and other documents, such as trading records, bank records, telephone records, and records of electronic communications, including text messages; (b) publicly available documents; (c) conversations with, and reports of interviews with, non-law-enforcement witnesses; (d) conversations with, and reports prepared by, other agents; and (e) conversations with representatives from the U.S. Securities and Exchange Commission ("SEC"). Because this Complaint is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions and statements of and conversations with others are reported herein, they are reported in substance and in part. Where figures, calculations, and dates are set forth herein, they are approximate, unless stated otherwise.

The Defendants and Relevant Entities

10. Based on my review of publicly available information and records provided by Centra Tech to representatives of the SEC, I have learned the following, in substance and in part:

a. Centra Tech is a Delaware corporation based in Miami Beach, Florida. Centra Tech advertises itself through its website, <https://centra.tech> (the "Centra Tech Website"), press releases, and statements on the Internet as a company that

offers various methods to store and spend digital assets such as cryptocurrencies. For example, the Centra Tech Website currently advertises that Centra Tech "offers blockchain products such as a Wallet to store digital assets, a Prepaid Card to spend the digital assets, and three soon to be released products and services, which include a Marketplace to buy goods with the digital assets, a cryptocurrency Exchange Platform to buy, sell and trade digital assets, and a open-source hyper speed DPoS Blockchain."

b. The following individuals, among others, are or have been employed at Centra Tech:

i. SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, was a founder of Centra Tech, its President, and its Chief Technology Officer. On October 31, 2017, Centra Tech announced that SHARMA was "stepping aside to support the continued growth of the company," and announced a "reconstituted executive management team" that did not include SHARMA.

ii. ROBERT FARKAS, a/k/a "Bob," has held various positions at Centra Tech, including as its chief marketing officer and chief operating officer.

c. The Bancorp, Inc. ("Bancorp") is a Delaware-based financial services company with offices throughout the United States. Bancorp provides a variety of financial services to companies and individuals, including issuing debit and prepaid cards, and payments processing, which it does by virtue of contractual partnerships with other financial services companies such as Visa and Mastercard, among others.

d. Visa Inc. ("Visa") is a U.S.-based multinational financial services corporation headquartered in Foster City, California. Visa facilitates electronic funds transfers throughout the world, most commonly through "Visa"-branded credit cards and debit cards.

e. Mastercard Incorporated ("Mastercard") is a U.S.-based multinational financial services corporation headquartered in Purchase, New York. Mastercard's principal business is to process payments between the banks of merchants and the card issuing banks or credit unions of the purchasers who use the "Mastercard" brand debit and credit cards to make purchases.

Relevant Regulatory Background and Definitions

11. An "initial coin offering" ("ICO") is a type of fundraising event in which an entity offers participants a unique digital "coin" or "token" in exchange for consideration. The consideration often comes in the form of "virtual currency" or "cryptocurrency," but can also be "fiat currency," which is currency, like the U.S. dollar and the Euro, that a government has declared to be legal tender, but is not backed by a physical commodity. "Virtual currency" or "cryptocurrency" is a digital representation of value that can be digitally traded and functions as ~~(1) a medium of exchange, (2) a unit of account,~~ and/or (3) a store of value, but does not have legal tender status. Unlike fiat currency, like the U.S. dollar and the Euro, virtual currency is not issued by any jurisdiction and functions only by agreement within the community of users of that particular currency. Examples of virtual currency are Bitcoin and Ether.¹

12. The tokens or coins issued in an ICO are issued and distributed on a "blockchain" or cryptographically-secured ledger. Tokens often are also listed and traded on online platforms, typically called virtual currency exchanges, and they usually trade for other digital assets or fiat currencies. Often, tokens are listed and tradeable immediately after they are issued.

13. ICOs are typically announced and promoted through the Internet and e-mail. Issuers usually release a "whitepaper" or "white paper" describing the project and the terms of the ICO. In order to participate in the ICO, investors are generally required to transfer funds to the issuer. After the completion of the ICO, the issuer will distribute its unique "coin" or "token" to the participants. The tokens may entitle the holders to certain rights related to a venture underlying the ICO, such as rights to profits, shares of assets, rights to use certain services provided by the issuer, and/or voting rights. These tokens ~~may also be listed on online platforms, often called virtual currency exchanges, and be tradable for virtual~~ currencies.

¹ Based on my training, experience, and participation in this investigation, I have learned that "Ether" is a cryptocurrency whose blockchain is generated by the Ethereum platform, and the term "Ether" is sometimes used interchangeably with "Ethereum."

14. Under Section 2(a)(1) of the Securities Act of 1933, a security includes "an investment contract." 15 U.S.C. § 77b. An "investment contract" is a contract, transaction or scheme "whereby a person invests his money in a common enterprise and is led to expect profits solely from the efforts of the promoter or a third party." *S.E.C. v. W.J. Howey Co.*, 328 U.S. 293, 298-99 (1946). "The test is whether the scheme involves an investment of money in a common enterprise with profits to come solely from the efforts of others." *Id.* at 301. Importantly, the economic realities of the transaction or product and not its name determine whether the instrument is a security. *United Hous. Found, Inc. v. Forman*, 421 U.S. 837, 851 (1975). Pursuant to Sections 5(a) and 5(c) of the Securities Act, a company or individual conducting an offer or sale of securities to the public must file a registration statement with the SEC. 15 U.S.C. § 77e(a) and (c).

Overview of the Scheme to Defraud

15. From at least July 2017 up to and including the day of this Complaint, SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, and others known and unknown, participated in a scheme to defraud purchasers of Centra Tech cryptocurrencies by making material misrepresentations about Centra Tech, its purported partnerships with Bancorp, Visa, and Mastercard, its products, its licensing in various states, and its executive personnel. Through these misrepresentations, SHARMA and FARKAS caused investors to purchase more than \$25 million worth of Centra Tech cryptocurrencies, which function as unregistered securities, during the time period of Centra Tech's initial coin offering.

The Centra Tech ICO

16. As set forth in greater detail below, based on my participation in this investigation and my review of reports and records prepared by others, from in or about July 2017 through in or about October 2017, Centra Tech raised capital, by offering unregistered securities via an ICO, to operate what Centra Tech advertised would be the world's first multi-blockchain debit card (the "Centra Tech ICO"). In sum, Centra Tech accepted digital currency from investors in exchange for Centra Tokens that Centra Tech stated could be "exchange[d] . . . on the cryptocurrency exchanges for a profit" and would "allow[] users to join [Centra Tech's] success and mission while generating a profit." (emphasis added). In doing so, Centra Tech made multiple false statements, including on the Centra Tech Website and in materials posted to the Centra Tech Website,

regarding, among other things, (a) the "Centra Card" or the "Centra Debit Card," a debit card that was falsely advertised as one that would allow users to make purchases using any blockchain currency of choice and would work at any location that accepted Visa or Mastercard, (b) Centra Tech's partnerships with Bancorp, Visa, and Mastercard, which did not exist, (c) individual state licenses held by Centra Tech, at least some of which did not exist, and (d) the identity of one of Centra Tech's executives, who does not appear to exist.

17. Based on my review of publicly available information and records provided by Centra Tech to representatives of the SEC, among other sources, I have learned the following, in substance and in part:

a. On or about July 23, 2017, Centra Tech issued a press release that it paid to be published on the website "cointelegraph.com" (the "July 23 Press Release"). In the July 23 Press Release, Centra Tech described the Centra Tech ICO as "truly a ground floor opportunity to be part of a global solution to the blockchain currency dilemma that offers a comprehensive rewards program for both token and card holders while giving the ability to spend your cryptocurrency in real time with no fees." The July 23 Press Release also touted Centra Tech's products: (1) the "Centra Debit Card" which purported to "enable[] users to make purchases using their blockchain currency of choice," and "work[] anywhere that accepts Visa or MasterCard," (2) the "Centra Wallet App," which "makes it easy for people to register for the Centra Debit Card, store their cryptocurrency assets, as well as control its functions," and (3) "cBay," the "world's first Amazon type of marketplace created especially for cryptocurrency acceptance." The July 23 Press Release also advertised Centra Tech's "Currency Conversion Engine" as allowing users "the ability to spend their assets anywhere in the world that accepts Visa and/or MasterCard."

b. On or about July 25, 2017, Centra Tech issued a press release that it paid to be published on the website Bitcoin.com (the "July 25 Press Release"). In the July 25 Press Release, Centra Tech described the Centra Tech ICO as "truly a ground floor opportunity to be part of a global solution to the blockchain currency dilemma that offers a comprehensive rewards program for both token and card holders while giving the ability to spend your cryptocurrency in real time with no fees." The July 25 Press Release also touted Centra Tech's products: (1) the "Centra Debit Card" which purported to "enable[] users to

make purchases using their blockchain currency of choice," and "work[] anywhere that accepts Visa or MasterCard," (2) the "Centra Wallet App," which "makes it easy for people to register for the Centra Debit Card, store their cryptocurrency assets, as well as control its functions," and (3) "cBay," the "world's first Amazon type of marketplace created especially for cryptocurrency acceptance." The July 25 Press Release also advertised Centra Tech's "Currency Conversion Engine," as allowing users "the ability to spend their assets anywhere in the world that accepts Visa and/or MasterCard."

c. Centra Tech also posted several different versions of a white paper advertising the Centra Tech ICO on the Centra Tech Website. A version of the ICO White Paper that was downloaded from the Centra Tech Website on or about August 3, 2017 and labeled "FINAL DRAFT" ("White Paper-1") contained several statements describing the ICO and the Centra Card using terminology indicative of a securities offering. For example:

i. White Paper-1 described the Centra Tech ICO as a token offering for which 400 Centra Tokens, or "CTR"s, would be sold for 1 ETH. Based on my training, experience, and participation in this investigation, I have learned that "ETH" is the currency code for Ether, a cryptocurrency whose blockchain is generated by the Ethereum platform.

ii. Centra Tech stated that it would be offering "68% of all [Centra] Tokens to be created for purchase in our crowd sale to the public" and would "allocate 20% of all [Centra] Tokens created to distribution of bug bounty, business development, community projects, market expansion, and more" while "[t]he remaining 12% will be distributed to Centra Techs founders, early investors, and employees as an incentive to create a long lasting mutual interest and dedication to the tokens and their prolonged value."

iii. In providing details about the Centra Card and the Centra Tech ICO, White Paper-1 referenced different levels of investment opportunity:

1. The "Centra Black Card founders edition" was to be issued to "our first 500 ICO backers whom purchase with 100+ ETH" and would carry with it an "enhanced rewards program."

2. The "Centra Gold Card limited edition" would be "allocated to our first 1000 contributors whom purchase CTR

Tokens with 30+ ETH," and would also carry an "enhanced rewards program."

3. The "Centra Blue & Virtual Card" would be the "signature and traditional card."

iv. White Paper-1 advertised multiple "rewards" programs for Centra Token holders. For example, White Paper-1 advertised that Centra Token holders would receive a ".8% ETH" reward for every transaction in the "network" (the "Network Rewards Program"). This was in contrast to another rewards program advertised in White Paper-1, which offered "Card rewards" of up to 2% of your purchases made on the Centra card." Based on my review of White Paper-1, and representations made by SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, as described in paragraph 30.e., below, explaining that "through our revenue share we actually give .8 percent of that away to token holders as part of our program to join the Centra Tokens," I believe the Network Rewards Program functions like a dividend in that it is offering a share - .8% ETH - of Centra Tech's revenue.

v. Although it claimed that holders of the Centra Token "by no means own any securities or interest in Centra Tech," and that the Centra Tokens "are not securities nor shares," White Paper-1 promised that Centra Token purchasers would "be able to place their wallet to use on Centra Debit card, or exchange them [the Centra Tokens] on the Cryptocurrency exchanges for a profit." White Paper-1 also claimed that the Centra Card and Centra Wallet were "already live in beta," and that Centra Tech was "offering our initial crowd sale of tokens to appropriately fund the vision of Centra Tech's future." It further claimed that Centa Tech's "initial coin offering allows users to join our success and mission while generating a profit." (emphasis added).

vi. White Paper-1 also contained several misrepresentations, as described further in paragraphs 34 through 43, below, about Centra Tech's relationships with financial-services institutions. For example:

1. In describing the Centra Card, White Paper-1 stated: "For our United States clients the Centra Card will be a Visa card while for international users the Centra card issued will be a MasterCard. . . . The Centra Card allows all supported cryptocurrencies to become spendable in real time based on the government fiat being used at the time the card is used at a participating location that accepts Visa or MasterCard."

2. White Paper-1 contained multiple images of Centra Cards with the "Visa" logo.

3. White Paper-1 also stated that one benefit and advantage of the Centra Card was "Access to 36+ Million Points of Sale where Visa and/or Master-Card is accepted in 200+ countries."

4. A product comparison table in White Paper-1 reported that the issuers of the Centra Card were "MasterCard and Visa."

5. White Paper-1 contained a timeline of Centra Tech's "milestone items," including a "Major Banking Partnership signed and license agreement with VISA USA Inc formulated" in January 2017, and a "Beta Launch of Centra Black Card and Centra Wallet App Live" in March 2017.

6. White Paper-1 also used the logos of Bancorp, Visa and Mastercard when describing Centra Tech's partners.

vii. White Paper-1 stated that "Centra Tech holds individual licenses in 38 states namely Alabama, Arizona, Alaska, Arkansas, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Mississippi, Nevada, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Oregon, Rhode Island, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, and West Virginia." It further stated that the licenses "are held under categories of Money Transmitter, Sales of Checks, Electronic Money Transfers, and Seller of Payment Instruments."

viii. White Paper-1 advertised the "Centra Tech Team" as comprising, among other individuals, SHARMA as the "CTO & Co-Founder"; FARKAS as the "CMO"; and "Michael Edwards" as the "CEO & Co-Founder."

SHARMA's Representations in Connection with the
Centra Tech ICO

18. On or about August 14, 2017, SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, was interviewed by Neocash Radio, a cryptocurrency podcast, about the Centra Tech ICO. Based on my

review of a recording of the interview, I have learned that SHARMA stated, among other things, the following:²

a. "[I]nternationally, we currently have our license with Mastercard, to service international clients. Domestically, we do have the Visa partnership, so we are able to issue Visa cards domestically and Mastercards internationally."

b. "Right now we are currently in our live Beta stage, which we have members of our internal organization as well as some external that have gotten our Centra Black Founder cards recently. We're going through . . . pretty much a phase two of testing right now where we are just going through daily transactions, testing volume, etc., and we've gotten really good results so far on it."

c. SHARMA also stated that Centra Tech had "pretty much a successful test rate in terms of errors, in terms of proof processes and the whole flow of the card attaching to the app," when discussing the Centra Wallet.

d. SHARMA identified "Mike Edwards" as a "VP and co-founder" who was an early investor in Centra Tech.

e. In describing the rewards system for purchasers in the ICO, SHARMA stated: "The rewards percentage that we get from Visa and Mastercard through our revenue share we actually give .8 percent of that away to token holders as part of our program to join the Centra tokens."

f. "[R]ight now is a great time to join our system, we have a token sale that is going on, it finishes on October 5th . . . we're currently a little bit north of \$10 million raised in our first eight days of our crowd sale so I definitely want to thank all of my contributors and anyone who is listening for joining that as well."

g. SHARMA stated that there was currently a 20% token bonus on top of the current token sale that "can be redeemed via email."

² The summaries and transcript of the recorded interview set forth herein is based on a preliminary draft transcription and remains subject to revision.

h. "We have a couple of large deals we're working on right now with a few companies so we should be over by I would say early September."

i. SHARMA directed listeners to the Centra Tech website, www.centra.tech, to find out more about the Centra Tech ICO: "You can go to our website, www.centra.tech, and you can click the token sale page as well as our white paper is on there and you can just get an insight of everything from A to Z."

j. SHARMA stated that while Centra Tech was licensed in 38 states, "the states that we are operating in currently for licensing purposes is just so the ability to withdraw and transmit your Bitcoins. As far as actually utilizing the card itself to the wallet and spending the cryptocurrencies, that's available in all states."

k. SHARMA also stated that he was able to work through the U.S. licensing issues with a contact he knew at Metropolitan Commercial Bank. SHARMA stated that "our system is connected to the bank and we're connected to the clients."

Additional Representations by FARKAS

19. Based on my review of records provided by Centra Tech to the SEC, and which were provided to me in connection with this investigation, I have learned, in substance and in part, the following:

a. On or about August 30, 2017, SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, sent an email to an individual not at Centra Tech, and copied ROBERT FARKAS, a/k/a "Bob," the defendant, to the email. In that email, SHARMA conveyed a message that SHARMA had received from Bancorp stating the following:

Mr. Sharma: I left a voicemail on your phone, but I am following up here as well. CENTRA TECH IS HEREBY DIRECTED TO CEASE AND DESIST FROM REPRESENTING THAT THE BANCORP BANK HAS ANY CONNECTION WITH, OR IS THE ISSUER OF ANY CARD PRODUCTS RELATED TO CENTRA TECH. YOU ARE ALSO DIRECTED TO CEASE AND DESIST USING OUR LOGO OR OTHER IMAGES IN CONNECTION WITH THE MARKETING OF ANY CARD PRODUCTS OR WALLETS YOU OFFER. Please REMOVE any and all references to The Bancorp Bank or The Bancorp Inc. from

any and all websites, marketing materials or other communications, including blogs as this has not been authorized by The Bancorp. I expect you will be hearing from federal banking regulators as well.

b. On or about September 6, 2017, FARKAS exchanged emails with an individual at a company that provides a search engine allowing users to look up, confirm, and validate transactions that have taken place on the Ethereum blockchain ("Company-1"). In the emails, FARKAS inquired about how to obtain advertising space on Company-1's website, and stated, in substance and in part, the following:

I know there are some past issues but we are now complete on our Pre-ICO raised over 10M in ETH and have been verified by all of our staff on Token Market

We have ad space everywhere else except here. Please let me know if you need any identifying documents or anything to proceed with our ad space.

FARKAS also provided the advertising text that he wanted Company-1 to post "Centra Card ® & Centra Wallet ® Now available Worldwide!" FARKAS signed the email "Robert Farkas CMO." After receiving a response from Company-1 that it was "not able to cater to [Centra Tech's] advertising needs at this point [in] time," FARKAS forwarded the emails to "ssharma491@gmail.com," an email address used by SHARMA.³

c. In or about early September 2017, FARKAS, using the email address "support@centra.tech," and at times signing his name "Bob," or "Robert Farkas CMO Centra," exchanged a series of emails with an individual at a marketing company seeking to write promotional materials and/or articles about Centra Tech ("Individual-1"). On or about September 6, 2017, FARKAS described Centra Tech as follows:

The biggest problem in the crypto world is being able to spend your cryptocurrency

³ Based on records provided to the FBI by Google, I have learned that SHARMA is listed as the subscriber for the email address "ssharma491@gmail.com." In addition, based on my review of records produced by Centra Tech to the SEC, I have learned that SHARMA uses the email address "ssharma491@gmail.com."

effortlessly. The Centra Card and Centra Wallet app are the solution. Our Currency Conversion Engine Module (CCE Module) allows real time conversion of all supported cryptocurrencies to give the user the ability to spend their assets in real time anywhere in the world that accepts Visa or Mastercard.

...
Thanks,
Bob

On or about September 13, 2017, Individual-1 appears to have provided FARKAS with a draft of written materials related to Centra Tech and, later that same day, FARKAS responded with edits, including the following:

Title: Can we change it too: This company has brought cryptocurrency into the real world
reason being is that our card is live and working and has been shipped to clients already ☺

...
Thanks,
Bob

20. From approximately in or about September 2017 through in or about December 2017, FARKAS received and responded to multiple emails either directly or through the "support@centra.tech" email account from individuals interested in participating in the Centra Tech ICO, interested in purchasing Centra Tokens, or otherwise seeking information about Centra Tech.

21. Based on my review of records provided by Centra Tech to the SEC, I have learned, in substance and in part, that, in or about October 2017, FARKAS registered Centra Tech as a sponsor of "Consensus: Invest 2017," a blockchain technology summit or conference that took place on or about November 28, 2017 in New York City, New York. I have reviewed a video posted to Centra Tech's YouTube channel on or about January 5, 2018 entitled "Centra Consensus NYC Cryptocurrency Blockchain Expo Invest." The video depicts what appears to be people and activities at the "Consensus" Invest 2017, including a Centra

Tech booth or table at the conference, and shows FARKAS engaging in conversations with various people during the conference. Based on the foregoing, I believe that FARKAS was in New York City, New York, on or about November 28, 2017, and engaged in promotional and marketing activities for Centra Tech at the "Consensus: Invest 2017" conference.

The Fraudulent Partnerships with Bancorp, Visa, and Mastercard

22. Based on my conversations with a representative of Bancorp ("Witness-1") and my review of documents provided by Bancorp, I have learned, in substance and in part, the following:

a. In approximately August 2017, Witness-1 learned from Bancorp's marketing group that a potential investor or purchaser of Centra Tech tokens had inquired as to whether Bancorp had a business relationship with Centra Tech, as was represented by Centra Tech in its marketing materials at the time.

b. In investigating the inquiry in approximately August 2017, Witness-1 reviewed the Centra Tech Website and a white paper posted on the Centra Tech Website. Witness-1 discovered that Bancorp's issuer statement, a statement regarding who the card issuer is any time a Visa or Mastercard image is displayed, was being used on the Centra Tech Website. Witness-1 knew by looking at the Centra Tech Website and white paper that Bancorp would not ever work with a company such as Centra Tech by virtue of the risk level of the product Centra Tech was offering.

c. Witness-1 reviewed Bancorp internal databases, to include Bancorp's list of entities with which it had card issuance relationships and entities involved in Bancorp's co-branded incentive card program, to see whether Bancorp had any sort of relationship with Centra Tech. Through this process, Witness-1 confirmed that Bancorp did not have any relationships with Centra Tech.

d. Witness-1 took screenshots of the Centra Tech Website, including a page that misrepresented Bancorp's issuer statement.

e. One screenshot that Witness-1 retained stated, among other things:

The Centra Card Visa Debit Card is issued by The Bancorp Bank, member FDIC, pursuant to a license from Visa U.S.A. Inc. "The Bankcorp"⁴ and "The Bancorp Bank" are registered trademarks of The Bankcorp Bank © 2014. Use of the Card is subject to the terms and conditions of the applicable Cardholder Agreement and fee schedule, if any.

The Centra Card Mastercard® Debit Card is issued by The Bancorp Bank, member FDIC, pursuant to a license from Mastercard International Incorporated. "The Bankcorp" and "The Bancorp Bank" are registered trademarks of The Bankcorp Bank © 2014. Use of the Card is subject to the terms and conditions of the applicable Cardholder Agreement and fee schedule, if any.

f. As described above, Witness-1 reviewed a white paper that was posted to the Centra Tech Website in August 2017. Witness-1 recalled that the white paper contained multiple misrepresentations, including about Centra Tech's purported relationship with Bancorp.

g. In approximately August 2017, Witness-1 attempted to reach individuals at Centra Tech through, among other methods, the "Contact Us" portion of the Centra Tech Website to request that Centra Tech remove the Bancorp logo and the false statements regarding Centra Tech's purported relationship with Bancorp. Witness-1 did not receive a response from Centra Tech.

h. Based on my conversations with another representative of Bancorp ("Witness-2") and my review of documents provided by Bancorp, I have learned, in substance and in part, that, on or about August 30, 2017, Bancorp sent a cease and desist notice to Centra Tech to which Centra Tech did not respond.

23. Based on my conversations with a representative of Visa ("Witness-3") and my review of documents provided by Visa, I have learned, in substance and in part, the following:

⁴ This excerpt from the Centra Tech Website has not been altered to correct spelling or other errors. In this excerpt, "Bancorp" is also spelled "Bankcorp."

a. On or about October 10, 2017, Visa became aware that Centra Tech was using the Visa name and logo on marketing materials in connection with the Centra Card and the Centra Tech ICO.

b. Visa employees researched whether Visa had any relationship, direct or indirect, with Centra Tech. Visa determined that it had no relationship with Centra Tech.

c. Visa employees took screenshots of portions of the Centra Tech Website using and showing the Visa name and trademark, including of purported Centra Cards with the Visa logo.

d. On or about October 10, 2017, Visa's Legal Department sent an email to Centra Tech, at support@centra.tech, attaching a cease and desist letter (the "October 10 Letter"). In the October 10 Letter, Visa stated, in part:

It has come to our attention that Centra Tech ("Centra") is using the Visa-Owned Marks on its site <https://www.centra.tech> as well as on its various social media sites (e.g., Facebook, Twitter, Instagram, YouTube) and other mediums. It appears Centra is purporting to be an authorized distributor of VISA payment cards utilizing cryptocurrency technology. . . . However, to the best of our knowledge and good faith belief, Centra is not authorized to use the Visa-Owned Marks in this manner, nor is it authorized to issue, sell, or otherwise distribute VISA payment cards. If this is not the case, please advise and explain immediately, i.e., if Centra is working with an authorized Visa Issuing bank.

Visa attached to the October 10 Letter multiple screenshots from the Centra Tech Website in which Centra Tech had misappropriated the Visa trademark.

e. In the October 10 Letter, Visa requested that Centra Tech cease and desist from using Visa's trademarks and "promoting that it is an authorized distributor of VISA payment cards," and for Centra Tech to remove all references to Visa from the Centra Tech Website and any promotional materials.

Visa also requested that Centra Tech "identify the bank or financial institution it is working with (if any) to issue a purported VISA payment card product."

f. In response to the October 10 Letter, SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, provided Visa with an acknowledgment that he had received the October 10 Letter, but did not identify any financial institutions with which Centra Tech was working to issue a Visa payment card product.

24. Based on my review of records provided by Centra Tech to the SEC, and which were provided to me in connection with this investigation, I have learned, in substance and in part, the following:

a. On or about October 10, 2017, SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, using the email address "sam@centra.tech," emailed a response to Visa's October 10 Letter, stating:

This matter has been brought to my attention. I will have this matter rectified in 48 hours. We are currently in the process of finalizing our Co-branded Prepaid Card Program, but might not meet the Nov 1st lock out deadlines for submission from our issuing bank whom is an authorized visa issuer for card design approval, So can see where this issue might of came from.

However, I have immediately contacted my web developers to remove all issues and I will have this document [a cease and desist acknowledgment] signed and returned within 48 hours.

Thank you,
Sam Sharma

b. On or about October 11, 2017, Visa responded to SHARMA's email, and requested that he "advise of the Visa issuing bank you are working with."

c. On or about October 12, 2017, SHARMA responded again via email using the "sam@centra.tech" email account and stated: "As far as the issuing bank we have an MNDA in place currently. VISA will soon get our information for Card Design approval and

program specs from our future issuing bank in the US." SHARMA signed the email, "Thank you, Sam." Based on my training and experience, I believe SHARMA was claiming that he had a Mutual Non-Disclosure Agreement with the purported issuing bank in this email and that he therefore could not disclose its identity.

d. On or about October 14, 2017, Visa responded to SHARMA's email, noting that Centra Tech was still using the Visa trademark and Visa name in its promotional materials, including in videos in which SHARMA appeared, and reiterated its demand that Centra Tech stop using the Visa name. Visa also repeated its request that SHARMA identify the bank that Centra Tech was "allegedly working with."

e. Based on my conversations with Witness-3, I have learned that, in response to Visa's multiple requests for Centra Tech to identify the Visa card issuing bank with which it purported to have a relationship, neither SHARMA nor anyone at Centra Tech identified such an issuing bank.

25. Based on my conversations with a representative of MasterCard ("Witness-4"), I have learned, in substance and in part, that MasterCard's internal records of licensing agreements and relationships with card-issuing banks and other third parties contains no record of any relationship, either direct or indirect, with Centra Tech.

26. Based on my review of the current version of the Centra Tech Website and a white paper published via the Centra Tech Website, as of March 26, 2018, I have learned that Centra Tech is not currently using the Bancorp, Visa or MasterCard names or logos.

27. As described in paragraph 17.c.vii., above, White Paper-1 represented that Centra Tech held licenses "under categories of Money Transmitter, Sales of Checks, Electronic Money Transfers, and Seller of Payment Instruments," in 38 listed states (the "State Licensing List"). Based on my review, on or about March 12, 2018, of a database maintained by the Nationwide Multistate Licensing System, a financial services industry online registration and licensing database, and my review of certain state licensing databases, I have learned, in substance and in part, that the following states on the State Licensing List have no current record for Centra Tech based on available public searches: Arizona, Connecticut, Delaware, Florida, New Jersey, New York or South Dakota.

"Michael Edwards"

28. As described in paragraph 17.c.viii, above, White Paper-1 listed "Michael Edwards" as Centra Tech's "CEO & Co-Founder." White Paper-1 also included a picture of "Michael Edwards." Based on open source searches of this image, I have learned that the picture of "Michael Edwards" in White Paper-1 is actually a picture associated with an individual by a different name who is a Canadian physiology professor.

29. Based on my review of records provided by the SEC, I have learned, in substance and in part, that, on or about August 3, 2017, a user profile page appeared on LinkedIn, a business- and employment-oriented social networking service that operates via websites and mobile apps, for "Michael Edwards." The LinkedIn page stated that "Michael Edwards" had "launched Centra Tech with the mission to design the world's first multi-blockchain asset debit card" and had managed various aspects of Centra Tech's Centra Card and Centra Wallet programs, including "[e]stablished licensing and partnership terms with Visa & MasterCard." The LinkedIn page also stated that "Michael Edwards" was affiliated with Harvard University.

30. Based on my review of currently-available content on the LinkedIn website, I have learned that the "Michael Edwards" LinkedIn page no longer exists.

31. Based on Internet searches for a "Michael Edwards" who is or was a co-founder or CEO of Centra Tech, I have learned that there is limited information about such an individual. For example, I have found no interviews of "Michael Edwards" in connection with Centra Tech or the Centra Tech ICO, and the name "Michael Edwards" no longer appears on the Centra Tech Website or Centra Tech online promotional materials. Based on the information described above, and based on my training, experience, and participation in this investigation, I believe that a "Michael Edwards" who was at some point "CEO & Co-Founder" of Centra Tech may not exist.

The Centra Tech ICO Investors

32. Based on my training, experience, and participation in this investigation, I have learned that companies like Centra Tech that offer cryptocurrency are required to keep a record of identification information including names and addresses of individuals purchasing their cryptocurrency. Based on my review

of records provided by Centra Tech to the SEC, I have learned, in substance and in part, the following:

a. Centra Tech provided a spreadsheet labeled "Centra Token Sale Details" to the SEC. The spreadsheet contains several tabs, including tabs labeled "CentraToken," "CentraSale," and "Centra Token Owner."

b. The CentraToken tab contains information regarding more than 1800 purchases of Centra Tokens from between on or about July 30 to August 26, 2017. Two of the listed investors reside in New York City, New York, within the Southern District of New York.

c. The CentraSale tab contains information regarding more than 1700 purchases of Centra Tokens from between on or about September 19 to September 26, 2017. Three of the listed investors reside in New York City, New York, within the Southern District of New York.

Extradition Research, Document Destruction,
and International Travel

33. Based on my discussions with representatives of the SEC, I have learned, in substance and in part, that in or about the fourth quarter of 2017 the SEC issued an initial subpoena to Centra Tech for documents and other information, and that SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, are thus aware of the SEC's investigation.

34. Based on my conversations with an attorney who is employed by a financial regulatory authority ("Witness-5"), I have learned, in substance and in part, the following:

a. Witness-5 knows an attorney who was until recently employed by Centra Tech ("Employee-1").

b. Witness-5 had several telephone conversations and electronic communications with Employee-1 on or about March 29 and 30, 2018.

c. During these communications, Employee-1 told Witness-5 the following, in substance and in part:

i. Employee-1 learned earlier this week that the SEC has been investigating whether Centra Tech has engaged in fraudulent activity.

ii. ROBERT FARKAS, a/k/a "Bob," the defendant, recently asked Employee-1 via email to conduct research regarding foreign extradition laws.

iii. After Employee-1 performed this extradition research and reported the results to FARKAS, FARKAS approached Employee-1 in person and stated, in substance and in part, that he had deleted his email asking Employee-1 to perform this extradition research. Based on FARKAS' demeanor during this interaction and the way in which he made that statement about deleting his email, Employee-1 understood FARKAS to be suggesting that Employee-1 should also delete the copy of that email that Employee-1 had received from FARKAS regarding the extradition research.

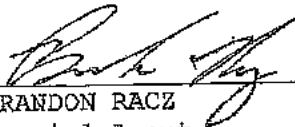
d. Employee-1 has not seen an individual Employee-1 described to Witness-5 as the "owner" of Centra Tech in over a week -- which I believe, based on my training and experience and participation in the investigation of this case, to be a reference to SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant.

e. Employee-1 also learned this week that Centra Tech's bank account has been depleted.

f. Employee-1 conveyed that Centra Tech has terminated virtually all of its employees except certain top executives such as SHARMA and FARKAS.

26. Based on my review of records provided by Delta Airlines, I have learned that on or about March 27, 2018, ROBERT FARKAS, a/k/a "Bob," the defendant, booked Delta Airlines flights for himself and a co-traveler whose name I recognize to be the name of an employee at Centra Tech ("Employee-2") to fly from Fort Lauderdale, Florida to Incheon, South Korea via a Delta Airlines flight leaving Fort Lauderdale-Hollywood International Airport in Florida on or about April 1, 2018 at approximately 8:00PM, with a stopover at Hartfield-Jackson Atlanta International Airport in Georgia to catch a connecting Delta Airlines flight that will arrive at Incheon International Airport in South Korea on or about April 2, 2018. According to these records, FARKAS and Employee-2 have also booked return flights that would have them leave from Incheon International Airport in South Korea on or about April 5, 2018 and arrive at Fort Lauderdale-Hollywood International Airport in Florida on or about April 5, 2018.

WHEREFORE, I respectfully request that arrest warrants be issued for SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, and that they be arrested and imprisoned or bailed, as the case may be.


BRANDON RACZ
Special Agent
Federal Bureau of Investigation

Sworn to before me this
31st day of March 2018

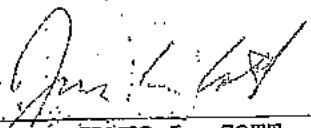

HONORABLE JAMES L. COTT
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK

EXHIBIT B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re: Warrants and Orders For
Prospective and Historical Location
Information and Pen Register
Information for the Cellphones
Assigned Call Numbers "305-619-
2656" and "516-724-3138," USAO
Reference No. 2018R00088

APPLICATION

____ Mag. _____

Application for Warrant and Order
for Cellphone Location and Pen Register Information

The United States of America, by its attorney, Geoffrey S. Berman, United States Attorney for the Southern District of New York, Samson Enzer, Assistant United States Attorney, of counsel, respectfully requests that the Court issue the accompanying proposed Warrants and Orders for prospective and historical location information and pen register information for specified cellphones. As grounds for this Application, the Government relies on the following facts and authorities.

I. Introduction

1. I am an Assistant United States Attorney in the United States Attorney's Office for the Southern District of New York. This Application is submitted in conjunction with the accompanying affidavit of a law enforcement agent ("Agent Affidavit"), to be sworn before this Court, and incorporated by reference herein. I make this Application based on information and belief, including the Agent Affidavit, my review of other documents in the case, and information received from investigative personnel.

2. The Investigating Agency, Target Cellphones, Target Subjects, Service Providers, Target Offenses, and Successor Service Providers referenced in this Application are as specified in the Agent Affidavit.

II. Legal Authority

A. Prospective Location Information

3. The Government seeks to obtain both precision location information and cell site data for the Target Cellphones on a prospective basis (the “Prospective Location Information”) for a period of 45 days from the date of this order — the same period of time for which a warrant for a tracking device may be granted under Rule 41(e)(2)(C). It bears noting, however, that while the

Prospective Location Information may permit “tracking” the users of the phones in the colloquial sense, this is not an application for a warrant for a “tracking device” as defined in Fed. R. Crim. P. 41(a)(2)(E) and 18 U.S.C. § 3117(b). Those provisions only apply where an agent is seeking to physically install a tracking device on a given object. Instead, the Prospective Location Information will be obtained by requiring the Service Providers to provide the information.

4. The authority for this application is found in 18 U.S.C. §§ 2703(c)(1), which authorizes a court of competent jurisdiction to require any electronic communication service provider (which includes a cellular telephone service provider¹) to disclose any “record or other information pertaining to a subscriber” other than the “contents of communications,” when the government obtains, *inter alia*, a warrant under the procedures of Rule 41. See 18 U.S.C. § 2703(c)(1)(A).²

¹ See 18 U.S.C. § 2711(1) (incorporating by cross-reference statutory definitions set forth in 18 U.S.C. § 2510); 18 U.S.C. § 2510(15) (defining “electronic communication service” as “any service which provides to users thereof the ability to send or receive wire or electronic communications”).

² Another provision of 18 U.S.C. § 2703(c)(1), specifically, § 2703(c)(1)(B), enables the Government to compel an electronic communication service provider to disclose non-content information pertaining to a subscriber by obtaining an order issued under 18 U.S.C. § 2703(d), instead of a warrant. Rather than requiring a showing of probable cause, a § 2703(d) order requires only a showing that there are reasonable grounds to believe that the information sought is relevant and material to an ongoing criminal investigation. However, given that continued monitoring of an individual’s specific location through precision location information arguably implicates Fourth Amendment interests, see *United States v. Jones*, 132 S.Ct. 945, 964-65 (2012) (Alito, J.,

Because data concerning a subscriber's location, such as precision location information and cell site data, constitutes "information pertaining to a subscriber" that does not include the "contents of communications," that data is among the types of information available under § 2703(c)(1)(A).³ Further, as specified in 18 U.S.C. § 2711(3), this Court is a court of competent jurisdiction under the Stored Communications Act because it has jurisdiction over the Target Offenses.

5. The Government's request for cell site data also implicates the pen register statute, because such data constitutes signaling information used by the Service Providers to route communications to and from the Target Cellphones. In order to collect such data, a valid pen register order is required.⁴ Accordingly, I hereby certify pursuant to 18 U.S.C. § 3122 that such signaling information is relevant to an ongoing investigation being conducted by the Investigating Agency into suspected violations of the Target Offenses by the Target Subjects.

concurring in the judgment), the Government here seeks to obtain the Precision Location Information sought herein by a § 2703(e) warrant rather than a § 2703(d) order.

³ See *In re Application*, 460 F. Supp. 2d 448, 459-60 & n. 55 (S.D.N.Y. 2006) (Kaplan, J.) (cellphone location information falls within § 2703(e)(1)); accord, e.g., *United States v. Caraballo*, 963 F. Supp. 2d 341, 361 (D.Vt. 2013); *In re Order*, 632 F. Supp. 2d 202, 207 (E.D.N.Y. 2008); *In re Application*, 405 F. Supp. 2d 435, 444-45 (S.D.N.Y. 2005). But see *In re Application*, 849 F. Supp. 2d 526, 574 (D.Md. 2011) (rejecting view that cellular location data falls within the scope of the SCA and finding that phone must be treated as "tracking device" for purposes of Rule 41 where used to collect location data); *In re Application*, 2009 WL 159187, at *5-*6 (S.D.N.Y. Jan. 13, 2009) (McMahon, J.) (same).

⁴ See 18 U.S.C. § 3121 (prohibiting use of pen register or trap and trace device without an order under the pen register statute); 3127(3)&(4) (defining pen register and trap and trace device to include devices or processes that record, *inter alia*, signaling information). Although cell site data constitutes "signaling" information within the meaning of the pen register statute, a separate statute precludes the Government from relying "solely" on the authority provided by the pen register statute to ascertain a subscriber's location. 47 U.S.C. § 1002(a). Here, the Government seeks to obtain such data pursuant to 18 U.S.C. § 2703(e) as well as the pen register statute, rather than "solely" under the latter statute. See *In re Application*, 460 F. Supp. 2d at 456-59.

B. Historical Location Information

6. The Government also seeks historical cell site data for the Target Cellphones for the period from March 1, 2018 to the present (the "Historical Location Information"). Because such data constitutes non-content information concerning a subscriber, the Court is authorized to order the Service Providers to provide this data pursuant to a warrant application under 18 U.S.C. § 2703(c) or an application for an order under 18 U.S.C. § 2703(d). *See* 18 U.S.C. § 2703(c)(1)(B).

Pursuant to 18 U.S.C. § 2703(d), I respectfully submit that the Agent Affidavit offers specific and articulable facts showing that there are reasonable grounds to believe that the Historical Location Information is relevant and material to an ongoing criminal investigation. Further, although a warrant for the Historical Location Information is not required, I respectfully submit that the same probable cause supporting the Government's request for a warrant to obtain the Prospective Location Information requested above also supports the issuance of a warrant under § 2703(c) for the Historical Location Information.⁵ In addition, the Government seeks toll records for the same period as the Historical Location Information is requested, which the Government is also authorized to obtain pursuant to 18 U.S.C. § 2703(d).

⁵ A warrant is not required to obtain historical cell site information. Individuals do not have a reasonable expectation of privacy in historical cell site information because individuals voluntarily convey that information to third-party service providers. *See, e.g., United States v. Graham*, ___ F.3d ___, 2016 WL 3068018, at *3 (4th Cir. May 31, 2016) (*en banc*); *United States v. Davis*, 785 F.3d 498, 511-13 (11th Cir. 2015) (*en banc*); *In re Application of U.S. for Historical Cell Site Data*, 724 F.3d 600, 614-15 (5th Cir. 2013); *United States v. Caraballo*, 963 F. Supp. 2d 341, 360 (D. Vt. 2013); *see also United States v. Pascual*, 502 F. App'x 75, 80 & n.6 (2d Cir. 2012), *cert. denied*, 134 S. Ct. 231 (2013) ("general principles" of third-party doctrine "point[]" toward this conclusion regarding cell-site records). Moreover, because historical cell site information does not enable law enforcement to conduct live monitoring of a person's location within private spaces such as "the interior of the [person's] home," it is not comparable to prospective precision location information, for which a warrant is arguably required. *See In re Application of U.S. for Order Directing Provider of Elec. Comm'n Serv. to Disclose Records to Gov't*, 620 F.3d 304, 312-15 (3d Cir. 2010).

C. Pen Register Information

7. Finally, the Government seeks an order pursuant to 18 U.S.C. §§ 3121-26 authorizing the use of a pen register on the Target Cellphones for a period of 60 days from the date of this order. Specifically, the Government seeks an order directing the Service Providers to furnish any information, facilities, and technical assistance necessary to operate, unobtrusively and with minimum disruption of service, a pen register and trap and trace device to capture all dialing, routing, addressing, or signaling information associated with each call transmitted to or from the Target Cellphones, as specified further in the proposed Warrants and Orders (the "Pen Register Information").

8. I hereby certify pursuant to 18 U.S.C. § 3122 that the Pen Register Information is relevant to an ongoing investigation being conducted by the Investigating Agency into suspected violations of the Target Offenses by the Target Subjects.

D. Sealing and Non-Disclosure Order to Service Provider

9. When the Government obtains records or information under § 2703(c), it is not required to notify the subscriber or customer. 18 U.S.C. § 2703(c)(3). Additionally, the Government may obtain an order precluding the Service Providers from notifying the subscriber or any other third-party of the warrant or order obtained, for such period as the Court deems appropriate, where there is reason to believe that such notification will result in endangering the life or physical safety of an individual, flight from prosecution, destruction of or tampering with evidence, or intimidation of potential witnesses, or will otherwise seriously jeopardize the investigation. 18 U.S.C. § 2705(b).

10. Further, 18 U.S.C. § 3123(d) provides that an order directing installation of a pen register or trap and trace device shall direct the pertinent service provider "not to disclose the

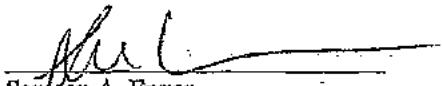
existence of the pen register or trap and trace device or the existence of the investigation to the listed subscriber, or to any other person unless or until otherwise ordered by the Court.”

11. Accordingly, as explained further in the Agent Affidavit, in light of the confidential nature of the continuing criminal investigation and the adverse consequences expected in the event of premature notification, the Government respectfully requests that the Court direct the Service Providers not to notify the Subscribers or any other person of the Warrants and Orders sought herein for a period of 180 days, subject to extension upon application to the Court, if necessary.

12. For similar reasons, I respectfully request that the proposed Warrants and Orders, this Application, and the accompanying Agent Affidavit, be maintained under seal until the Court orders otherwise, except that the Government be permitted without further order of this Court to serve this Warrants and Orders on the Service Provider; provide copies of the Warrants and Orders or the supporting Application and Agent Affidavit as need be to personnel assisting the Government in the investigation and prosecution of this matter; and disclose these materials as necessary to comply with discovery and disclosure obligations in any prosecutions related to this matter.

14. No prior request for the relief requested herein has been made.

Dated: New York, New York
March 31, 2018


Sangon A. Enzer
Assistant United States Attorney
Tel.: 212-637-2342

2018-03-31

USAO_SDNY_00009240

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

in re: Warrants and Orders For
Prospective and Historical Location
Information and Pen Register
Information for the Cellphones
Assigned Call Numbers "305-619-
2656" and "516-724-3138," USAO
Reference No. 2018R00088

AGENT AFFIDAVIT

____ Mag. _____

Agent Affidavit in Support of Warrant and Order
for Cellphone Location and Pen Register Information

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

BRANDON RACZ, being duly sworn, deposes and states:

I. Introduction

1. I am a Special Agent with the Federal Bureau of Investigation (the "FBI" or the "Investigating Agency") and am one of the law enforcement agents with primary responsibility for the investigation of this case. During my tenure with the FBI, I have participated in the investigations of numerous frauds, and have conducted physical and electronic surveillance, the execution of search warrants, debriefings of informants, and reviews of taped conversations. Through my training, education, and experience, I have become familiar with the manners in which securities and wire frauds are perpetrated.

2. **Requested Information.** I respectfully submit this Affidavit pursuant to 18 U.S.C. §§ 2703(c) and (c)(1)(A) and the applicable procedures of Federal Rule of Criminal Procedure 41;

18 U.S.C. §§ 2703(d) & 2705; and 18 U.S.C. §§ 3121-3126, in support of Warrants and Orders for prospective location information, historical location information, toll records, and pen register

information, for the Target Cellphones identified below (collectively, the "Requested Information").

3. **Basis for Knowledge.** The criminal investigation in this matter is being conducted by the FBI. The information contained in this Affidavit is based upon my personal knowledge, as well as information obtained during this investigation, directly or indirectly, from other sources and agents, including documents and information provided to me by representatives of the United States Securities and Exchange Commission ("SEC") conducting a parallel investigation relating to this matter, and my examination of reports and records. Because this Affidavit is being submitted for the limited purpose of establishing probable cause to obtain the Requested Information, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated. Where dates, figures, and calculations are set forth herein, they are approximate.

4. **Target Cellphones, Target Subjects, and Service Providers.** The Target Cellphones referenced in this Affidavit are: (a) the cellphone assigned call number "305-619-2656" (the "Target Cellphone-1"), with service provided by Verizon Wireless (the "Service Provider-1"); and (b) the cellphone assigned call number "516-724-3138" (the "Target Cellphone-2"), with service provided by AT&T / New Cingular Wireless PCS, LLC (the "Service Provider-2"). Hereinafter, the Target Cellphone-1 and Target Cellphone-2 are referred to collectively as the "Target Cellphones," and the Service Provider-1 and the Service Provider-2 are referred to collectively as the "Service Providers." Based on the information set forth below, I respectfully submit that there is probable cause to believe that the Target Cellphone-1 has been used and is being used by ROBERT FARKAS, a/k/a "Bob" (the "Target Subject-1"), and that the Target Cellphone-2 has

been and is being used by SOHRAB SHARMA, a/k/a "Sam Sharma" (the "Target Subject-2") (both target subjects collectively, the "Target Subjects").

5. **Precision Location Capability.** Cellphone service providers have technical capabilities that allow them to collect at least two kinds of information about the locations of the cellphones to which they provide service: (a) precision location information, also known as E-911 Phase II data, GPS data, or latitude-longitude data, and (b) cell site data, also known as "tower/face" or "tower/sector" information. Precision location information provides relatively precise location information about a cellphone, which a provider can typically collect either via GPS tracking technology built into the phone or by triangulating the device's signal as received by the provider's nearby cell towers. Cell site data, by contrast, reflects only the cell tower and sector thereof utilized in routing any communication to and from the cellphone, as well as the approximate range of the cellphone from the tower during the communication (sometimes referred to as "per-call measurement" ("PCM") or "round-trip time" ("RTT") data). Because cell towers are often a half-mile or more apart, even in urban areas, and can be ten or more miles apart in rural areas, cell site data is typically less precise than precision location information. Based on my training and experience, I know that the Service Providers have the technical ability to collect precision location information from any cellphone on its network, including by initiating a signal on the Service Providers' network to determine the phone's location. I further know that cell site data is routinely collected by the Service Providers in the course of routing calls placed to or from any cellphone on its network.¹

¹ Toll records are sometimes necessary or helpful in order to obtain or interpret historical cell site data and are therefore also requested herein.

6. **Successor Service Providers.** Because it is possible that the Target Subjects may change cellphone service providers during the course of this investigation, it is requested that the warrant and investigative order requested apply without need for further order to any Successor Service Providers who may provide service to the Target Cellphones during the time frames at issue herein.

II. Facts Establishing Probable Cause

7. Although I understand that probable cause is not necessary to obtain all of the Requested Information, I respectfully submit that probable cause exists to believe that the Requested Information will permit law enforcement to locate and arrest ROBERT FARKAS, a/k/a "Bob," and SOHRAB SHARMA, a/k/a "Sam Sharma," the Target Subjects, for whom the Government is seeking arrest warrants based on an accompanying criminal complaint (the "Criminal Complaint") that is being filed simultaneously herewith charging FARKAS and SHARMA with securities fraud (in violation of 15 U.S.C. §§ 78j(b) & 78ff; 17 C.F.R. § 240.10b-5; and 18 U.S.C. § 2) and wire fraud (in violation of 18 U.S.C. §§ 1343 and 2) and conspiring to commit these offenses (in violation of 18 U.S.C. §§ 371 and 1349) (collectively, the "Target Offenses").

Probable Cause as to the Target Offenses

8. The Criminal Complaint seeking warrants for the arrests of ROBERT FARKAS, a/k/a "Bob," and SOHRAB SHARMA, a/k/a "Sam Sharma," the Target Subjects, and the facts sworn to in my Affidavit contained in the Criminal Complaint, are respectfully incorporated by reference as though fully set forth herein. Based on the facts detailed in the Criminal Complaint, I respectfully submit that there is probable cause to believe that during the period from in or about July 2017 through in or about March 2018, FARKAS and SHARMA used Centra Tech, Inc. ("Centra Tech"), a cryptocurrency exchange company founded by SHARMA and others, to engage

in a scheme to raise tens of millions of dollars' worth of capital by offering unregistered securities to the public, and in doing so, made multiple fraudulent misstatements and omissions to the public about, among other things, the purported technology and products offered by Centra Tech, and its purported partnerships with certain financial institutions. As set forth in the Criminal Complaint, at various times FARKAS has served as Centra Tech's Chief Operating Officer and SHARMA has served as Centra Tech's President.

9. Based on my discussions with representatives of the SEC conducting a parallel investigation of Centra Tech and its senior executives, including ROBERT FARKAS, a/k/a "Bob," and SOHRAB SHARMA, a/k/a "Sam Sharma," I have learned, in substance and in part, that in or about the fourth quarter of 2017, the SEC issued a subpoena to Centra Tech for documents and other information, and that Centra Tech and its founders are thus aware of the SEC's parallel investigation and have been making productions of documents to the SEC in response.

10. During several telephone conversations and communications on or about March 29 and 30, 2018, an in-house attorney at Centra Tech (the "In-House Attorney") reported information to an attorney at a financial regulatory authority (the "Regulatory Attorney") that has led the In-House Attorney to believe that Centra Tech's Chief Operating Officer, ROBERT FARKAS, a/k/a "Bob" may be planning to flee from the United States. Based on my interview of the Regulatory Attorney about those conversations with the Centra Tech In-House Attorney on or about March 29 and 30, 2018, I have learned that during those conversations, the Centra Tech In-House Attorney stated the following, in substance and in part:

a. The Centra Tech In-House Attorney learned earlier this week that the SEC has been investigating whether Centra Tech has engaged in fraudulent activity.

b. ROBERT FARKAS recently asked the In-House Attorney via email to conduct research regarding foreign extradition laws.

c. After the In-House Attorney performed this extradition research and reported the results to FARKAS, FARKAS approached the In-House Attorney in person and stated, in substance and in part, that he had deleted his email asking the In-House Attorney to perform this extradition research. Based on FARKAS' demeanor during this interaction and the way in which he made that statement about deleting his email, the In-House Attorney understood FARKAS to be suggesting that the In-House Attorney should also delete the copy of that email that the In-House Attorney had received from FARKAS regarding the extradition research.

d. The In-House Attorney reported to the Regulatory Attorney that the In-House Attorney has not seen the "owner" of Centra Tech in over a week — which I believe, based on my training and experience and participation in the investigation of this case, to be a reference to SOHRAB SHARMA, a/k/a "Sam Sharma," who has served at various times as the President of Centra Tech.

e. The In-House Attorney also learned this week that Centra Tech's bank account has been depleted, and that FARKAS is planning to fly from Florida to Korea on or about Monday April 2, 2018.

f. The In-House Attorney also conveyed that Centra Tech has terminated virtually all of its employees except certain top executives such as FARKAS and SHARMA.

11. Based on my review of records provided by Delta Airlines, I have learned that on or about March 27, 2018, ROBERT FARKAS, booked Delta Airlines flights for himself and a co-traveler identified as "Daniel Gonzalez," which is the name of an individual who is believed to be employed by Centra Tech, to fly from Fort Lauderdale, Florida to Incheon, South Korea via a Delta Airlines flight leaving Fort Lauderdale-Hollywood International Airport in Florida on or about Sunday April 1, 2018 at approximately 8:00PM, with a stopover at Hartfield-Jackson Atlanta International Airport in Georgia to catch a connecting Delta Airlines flight that will arrive at Incheon International Airport in South Korea on or about Monday April 2, 2018.² According to

² Delta Airlines has also been asked to provide records about any flights booked for SOHRAB SHARMA, a/k/a "Sam Sharma." Delta Airlines has informed me on or about March 30, 2018 that Delta Airlines has not been able to find any record of a current booking scheduling SHARMA for any upcoming international flights out of the United States, but Delta Airlines has not yet produced any records of any historical bookings for any past international travel by SHARMA in response to this request.

these records, FARKAS and his co-traveler, "Daniel Gonzalez," have also booked return flights that would have them leave from Incheon International Airport in South Korea and arrive at Fort Lauderdale-Hollywood International Airport in Florida on or about April 5, 2018.

12. Based on my training and experience, my conversations with other law enforcement officials, and my review of documents and information maintained by the Department of Justice's Office of International Affairs, I have learned that although the Republic of Korea in South Korea has entered into an extradition treaty with the United States, South Korea is a location from which a fugitive can travel to numerous countries that do not have an extradition treaty with the United States.

Probable Cause as to the Target Cellphones

13. Based on the following information, I respectfully submit that there is probable cause to believe that the Target Cellphone-1, with service provided by the Service Provider-1, has been and is being used by ROBERT FARKAS, a/k/a "Bob":

a. I have reviewed documents produced by Centra Tech to the SEC in connection with the SEC's parallel investigation of Centra Tech and its senior executives, including an email chain from October 2017 in which ROBERT FARKAS used his Centra Tech email account ("Robert Farkas <robert@centra.tech>") to communicate with a *New York Times* reporter seeking to interview him about Centra Tech. This email chain includes an email dated October 10, 2017 from the reporter to FARKAS in which the reporter asked "What number can I reach you at?", to which FARKAS responded by email the same day "305 619 2656," which is the call number for the Target Cellphone-1.

b. Based on my review of records provided by Delta Airlines, I have learned that in booking the travel arrangements on or about March 27, 2018 to fly on or about Sunday April 1, 2018 from Fort Lauderdale, Florida to arrive in South Korea on or about Monday April 2, 2018, ROBERT FARKAS provided "3056192656" (which, as noted, is the call number for the Target Cellphone-1) as his current telephone number, and the email address "robert@centra.tech" as his current email address.³

³ Based on my review of law enforcement databases, I have learned that Service Provider-1 is the service provider for the Target Cellphone-1.

14. Based on the following information, I respectfully submit that there is probable cause to believe that the Target Cellphone-2, with service provided by the Service Provider-2, has been and is being used by SOHRAB SHARMA, a/k/a "Sam Sharma":

a. I have reviewed documents produced by Centra Tech to the SEC in connection with the SEC's parallel investigation of Centra Tech and its senior executives, including an email chain from August 2017 in which SOHRAB SHARMA, a/k/a "Sam Sharma," used his Centra Tech email account ("Sam Sharma <sam@centra.tech>") to communicate with a *NewsWatch* reporter seeking to interview him about Centra Tech. This email chain includes an email dated August 22, 2017 from the reporter to SHARMA in which the reporter asked SHARMA to contact him if he was interested in being interviewed on *NewsWatch*, to which SHARMA responded by an email dated August 24, 2017 "Call my cell: 516-724-3138," which is the call number for the Target Cellphone-2.

b. Based on my review of records provided by the Service Provider-2 for the Target Cellphone-2, I have learned that the Target Cellphone-2 is reportedly subscribed to a "Rakesh Sharma," who appears to be a relative of SOHRAB SHARMA, a/k/a "Sam Sharma," and also that the Target Cellphone-2 (believed to be used by SOHRAB SHARMA, a/k/a "Sam Sharma") has received several calls from the Target Cellphone-1 (believed to be used by ROBERT FARKAS, a/k/a "Bob"), including several calls on or about January 31, 2018.

c. Based on information provided by a representative of the Service Provider-2 on or about March 30, 2018, the Target Cellphone-2 was active as of that date.


15. Based on the foregoing, I respectfully submit that there is probable cause to believe that the Target Cellphones have been and are being used by ROBERT FARKAS, a/k/a "Bob," and SOHRAB SHARMA, a/k/a "Sam Sharma," the Target Subjects, and that the Requested Information will assist law enforcement in locating them to enable law enforcement to arrest them based on the charges set forth in the Criminal Complaint. Furthermore, based on my training and experience, I respectfully submit that there is probable cause to believe that the requested historical location information for the Target Cellphones will enable law enforcement to identify any locations that the Target Subjects have frequented in the past month in order to aid law enforcement.

in identifying locations where FARKAS and SHARMA may return so that they can be apprehended. Similarly, based on my training and experience, I respectfully submit that the requested prospective location information for the Target Cellphones will aid law enforcement in identifying the location of each of FARKAS and SHARMA in real time to arrest each of them.

III. Request for Warrant and Order

16. Based on the foregoing, I respectfully request that the Court require the Service Providers to provide the Requested Information as specified further in the Warrants and Orders proposed herewith, including prospective precision location and cell site data for a period of 45 days from the date of the Orders, historical cell site data and toll records for the period from March 1, 2018, through the date of the Orders, and pen register information for a period of 60 days from the date of the Orders.

17. Nondisclosure. ROBERT FARKAS, a/k/a "Bob," and SOHRAB SHARMA, a/k/a "Sam Sharma," the Target Subjects, are currently at liberty. The existence of this ongoing criminal investigation into their involvement in the Target Offenses have not been made public. As a result, premature public disclosure of this Affidavit or the requested Warrants and Orders could alert the Target Subjects of this investigation, causing them to stop using or destroy the Target Cellphones to prevent law enforcement from using them to locate the Target Subjects or to destroy other evidence, flee from prosecution, or otherwise seriously jeopardize the investigation. Accordingly, I respectfully request that the Service Providers be directed not to notify the subscriber or others of the existence of the Warrants and Orders for a period of 180 days, and that the Warrants and Orders and all supporting papers be maintained under seal until the Court orders otherwise, as specified in the Application submitted in conjunction with this Affidavit.


BRANDON RACZ
Special Agent
Federal Bureau of Investigation

Sworn to before me this
31st of March 2018

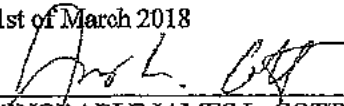

HONORABLE JAMES L. COTT
United States Magistrate Judge
Southern District of New York

EXHIBIT C

AO 106 (SDNY Rev. 01/17) Application for a Search Warrant

UNITED STATES DISTRICT COURT

for the
Southern District of FloridaIn the Matter of the Search of
(Briefly describe the property to be searched
or identify the person by name, and address)The Safe Deposit Box described in the Attachment
A1 and any Closed Containers/Items Stored Therein.

Case No.

18-mj-2532-CMM

APPLICATION FOR A SEARCH AND SEIZURE WARRANT

I, a federal law enforcement officer or an attorney for the government, request a search warrant and state under penalty of perjury that I have reason to believe that on the following person or property (identify the person or describe the property to be searched and give its location):

See Attached Affidavit and its Attachment A1

located in the Southern District of Florida, there is now concealed (identify the person or describe the property to be seized):

See Attached Affidavit and its Attachment A1.

The basis for the search under Fed. R. Crim. P. 41(c) is (check one or more):

- ☒ evidence of a crime;
- ☒ contraband, fruits of crime, or other items illegally possessed;
- ☒ property designed for use, intended for use, or used in committing a crime;
- ☐ a person to be arrested or a person who is unlawfully restrained.

The search is related to a violation of:

Code Section(s)	Offense Description(s)
Title 18, United States Code, Sections 78j(b) and 78ff; Title 18, United States Code, Sections 371, 1343, 1349, and 2.	Conspiracy to commit securities fraud; conspiracy to commit wire fraud; securities and wire fraud; and aiding and abetting such crimes.

The application is based on these facts:

See Attached Affidavit and its Attachments A1 and A11.

☒ Continued on the attached sheet.☐ Delayed notice of _____ days (give exact ending date if more than 30 days; _____) is requested under 18 U.S.C. § 3103a, the basis of which is set forth on the attached sheet.

Applicant's signature

Special Agent DAnne Murphy, FBI

Printed name and title

Sworn to before me and signed in my presence.

Date:

4-10-18

Judge's signature

City and state:

Miami, Fla 33128

Hon. Chris M. McAliley, U.S. Magistrate Judge

Printed name and title

AFFIDAVIT

I, DANne Murphy, a Special Agent with the Federal Bureau of Investigation ("FBI")
being duly sworn, hereby depose and state as follows:

I. Introduction

A. Affiant

1. I am currently employed as a Special Agent with the Federal Bureau of Investigation ("FBI") and have been so employed since December 2004. I am currently assigned to the FBI's corporate securities fraud squad within the FBI's Miami Field Office, which investigates complex financial crimes, including crimes involving securities fraud, wire fraud, bank fraud, money laundering, and other white-collar crimes. During my tenure with the FBI, I have participated in numerous investigations, I have conducted physical and electronic surveillance, I have participated in the execution of search warrants, debriefings of informants, and several arrests.

2. I make this Affidavit in support of an application pursuant to Rule 41 of the Federal Rules of Criminal Procedure for a warrant to search the premises specified below and in Attachment AI (the "Subject Premises") for, and to seize, the items and information described in Attachment AII, as part of a criminal investigation by the FBI of certain members of a cryptocurrency startup company called Centra Tech, Inc. ("Centra Tech" or "Centra"), including two of Centra Tech's co-founders, SOHRAB SHARMA and ROBERT FARKAS, for conspiring to commit, and the commission of, securities and wire fraud in connection with a scheme to induce victims to invest more than \$25 million in investments in Centra Tech through fraudulent misrepresentations and omissions.

3. I am one of several FBI agents from the FBI's Miami Field Office assisting the case agents from the FBI's New York Field Office, which has primary responsibility for the

investigation in this matter. This Affidavit is based upon my personal knowledge; my conversations with other law enforcement personnel, including one of the case agents from the FBI's New York Field Office with primary responsibility for the investigation of this matter ("Case Agent-1"); my review of documents and other evidence; and my training, experience and advice received concerning the use of computers, technology, and the internet in criminal activity and the forensic analysis of electronically stored information. Because this Affidavit is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions, statements, and conversations of others are reported herein, they are reported in substance and in part, except where otherwise indicated.

B. The Subject Premises

4. The premises to be searched are more fully described as follows: A Citibank safe deposit box, assigned a unique account number (namely, Account No. 688498160370000057), located in the Citibank Branch at 2750 Aventura Boulevard, Aventura, Florida 33180, including any closed and locked cabinets and containers found inside of this safe deposit box (the "Subject Premises"), as set forth in Attachment A1. As shown below, the safe deposit box referred to herein as the Subject Premises was opened in the name of "Robert J. Farkas," one of the Centra Tech co-founders who has been charged by criminal complaint in the Southern District of New York with conspiring to commit, and the commission of, securities and wire fraud, and is believed to contain, among other things, half of a piece of paper with part of an access code to a digital wallet containing millions of dollars' worth of digital assets that were raised from victims of the charged fraud offenses.

C. The Subject Offenses

5. For the reasons detailed below, there is probable cause to believe that the Subject Premises contains evidence, fruits, and instrumentalities of conspiracy to commit securities fraud in violation of Title 18, United States Code, Section 371, securities fraud and aiding and abetting the same, in violation of Title 15, United States Code, Section 78j(b) and 78ff and Title 18, United States Code, Section 2, conspiracy to commit wire fraud in violation of Title 18, United States Code, Section 1349, and wire fraud and aiding and abetting the same in violation of Title 18, United States Code, Sections 1343 and 2 (collectively, the "Subject Offenses").

II. Probable Cause

A. Probable Cause Regarding Commission of the Subject Offenses

6. On or about March 31, 2018, United States Magistrate Judge James L. Cott of the Southern District of New York signed: (1) a criminal complaint charging SOHRAB SHARMA and ROBERT FARKAS with the Subject Offenses (the "Criminal Complaint"); (2) arrest warrants authorizing their arrests based on the charges set forth in the Criminal Complaint; and (3) warrants and orders directing the service providers for a cellphone associated with SHARMA and a cellphone associated with FARKAS to provide cellphone location information to the FBI that was issued based on the facts set forth in a supporting warrant affidavit (the "Warrant Affidavit"). Copies of the Criminal Complaint and Warrant Affidavit are attached hereto as Exhibits A and B and are incorporated by reference as though fully set forth herein.

7. Based on the facts detailed in the Criminal Complaint and the Warrant Affidavit, I respectfully submit that there is probable cause to believe the following, in substance and in part:

a. From at least in or about July 2017 through in or about March 2018, SOHRAB SHARMA and ROBERT FARKAS, two co-founders of Centra Tech, began soliciting investors to purchase Centra Tech tokens, a cryptocurrency that functions as an unregistered security in Centra Tech, through a so-called "initial coin offering" or "ICO." As part of this effort, SHARMA and FARKAS, in oral and written offering

materials that were disseminated via the internet, represented that Centra Tech had developed a debit card, namely the so-called "Centra Card," that allowed users to spend the cryptocurrency of their choice to make purchases at any establishment that accepts Visa or Mastercard.

b. In soliciting investors to purchase unregistered securities in the form of Centra Tech tokens, SHARMA and FARKAS represented that Centra Tech had formed a partnership with Bancorp to have Bancorp issue Centra Cards licensed by Visa or Mastercard, and that Centra Tech held financial servicing licenses in 38 states, among other claims. Based in part on these claims, victims provided funds worth more than \$25 million in investments for the purchase of Centra Tech tokens.

c. The claims that SHARMA and FARKAS made to help secure these investments, however, were false. In fact, Centra Tech had no such relationships with Bancorp, Visa, or Mastercard, and at least seven of those 38 states have no record of any such licenses being issued to Centra Tech.

8. Based on my involvement in assisting the case agents on this matter, and my conversations with the Case Agent-1, I have learned that SHARMA and FARKAS were arrested on or about April 1, 2018, in the Southern District of Florida based upon the charges set forth in the Criminal Complaint. Both were presented on the Criminal Complaint before United States Magistrate Judge Lurana S. Snow in the Southern District of Florida on or about April 2, 2018. SHARMA and FARKAS subsequently consented to their detention and removal to the Southern District of New York for further proceedings on the Criminal Complaint, without prejudice to their ability to apply for their releases on bail upon their arrival in the Southern District of New York.

B. Probable Cause Justifying Search of the Subject Premises

9. For the reasons described below, there is probable cause to believe that: (a) millions of dollars' worth of funds raised from victims based on the fraudulent scheme charged in the Criminal Complaint have been placed by Centra Tech in a digital wallet that can only be accessed with a unique passcode; (b) those victim funds, which represent proceeds and fruits of the Subject Offenses charged in the Criminal Complaint, are presently in the digital wallet; (c) the passcode to access the digital wallet was written on a piece of paper that was subsequently divided into

halves, with one half kept by Centra Tech's Chief Operating Officer, ROBERT FARKAS, and the other half kept by Centra Tech's General Counsel and Chief Compliance Officer, Allen Shutt; (d) the half of the paper given to FARKAS, containing part of the passcode, was placed in the Subject Premises, which, as described above, is a Citibank safe deposit box in FARKAS' name located in a Citibank branch in Aventura, Florida; (e) the other half of the paper given to Shutt, containing the remainder of the passcode, was placed in a safe deposit box in Shutt's name at a Well Fargo bank located in Florida; and (f) the Subject Premises therefore contains evidence, fruits, and instrumentalities of the Subject Offenses, as more fully described in Section II of Attachment A to the proposed warrant sought by this Affidavit.

10. Based on my review of the Criminal Complaint and Warrant Affidavit, and my conversations with the Case Agent-1 about information that he has received as part of the criminal investigation in this matter, and about Case Agent-1's conversations with other law enforcement and SEC officials working on this criminal investigation and a related securities investigation, I have learned the following, in substance and in part:

a. In or about the fourth quarter of 2017, the SEC initiated an investigation of Centra Tech. As part of that investigation, the SEC issued a subpoena on or about November 29, 2017 to Centra Tech, care of Centra Tech's outside counsel at a law firm that was retained to represent Centra Tech. The subpoena compelled Centra Tech to produce a variety of documents, including various documents relating to two of Centra Tech's co-founders, SOBRAH SHARMA and ROBERT FARKAS.

b. During Centra Tech's outside counsel's representation of Centra Tech, the outside counsel engaged in several conversations with representatives of the SEC working on the SEC's investigation. Centra Tech's outside counsel also had separate conversations with representatives of the United States Attorney's Office for the Southern District of New York and the FBI with respect to the parallel criminal investigation relating to Centra Tech. During these conversations, Centra Tech's outside counsel represented the following, in substance and in part, on behalf of Centra Tech:

i. During Centra Tech's offering of Centra Tech tokens to members of the public during the period from approximately July 2017 through October 2017, purchasers of Centra Tech tokens provided funds in the form of digital currency

(such as funds in a cryptocurrency known as "Ether") in exchange for Centra Tech tokens. (Based on the facts set forth in the Criminal Complaint, there is probable cause to believe that these funds were solicited through fraudulent misrepresentations and omissions by SOHRAB SHARMA and ROBERT FARKAS, two co-founders of Centra Tech, as part of their commission of the Subject Offenses, and thus that those funds represent proceeds and fruits of the Subject Offenses.)

ii. Centra Tech subsequently placed digital funds raised from investors in a particular digital wallet, which can only be accessed with a unique passcode.¹ The passcode to access this digital wallet has been written on a piece of paper that was divided into halves that were given to Centra Tech's Chief Operating Officer, ROBERT FARKAS, and Centra Tech's General Counsel and Chief Compliance Officer, Allen Shutt, respectively. The combination of those halves of the paper represents the only copy of the passcode. If part of the passcode were lost, there would be no way to access the digital wallet or retrieve the funds that have been stored in the digital wallet.

iii. The half of the paper given to FARKAS, containing part of the passcode, was placed in a safe deposit box in FARKAS' name at a bank; and the other half of the paper given to Shutt, containing the remainder of the passcode, was placed in a safe deposit box in Shutt's name in a different bank.

iv. One of these safe deposit boxes is at a Citibank branch in Florida, and the other is at a Wells Fargo branch in Florida.² (For the reasons explained below, it is believed that the safe deposit box at Citibank is for FARKAS, and the safe deposit box at Wells Fargo is for Shutt.)

c. Citibank has provided the following information to the Case Agent-1, in substance and in part:

i. The Citibank Branch at 2750 Aventura Boulevard, Aventura, Florida 33180 has a safe deposit, opened in the name of a "Robert J. Farkas" with a date of birth of October 8, 1986, that has been assigned a unique account number (namely, Account No. 688498160370000057). As set forth above, this safe deposit box has

¹ Based on my training and experience, I know that a "digital wallet" is an electronic system that allows its user to engage in digital transactions by, for example, securely storing the user's money and permitting the user to access the user's money to engage in transactions. The money stored in such a digital wallet is typically "digital currency" or "cryptocurrency," which refer to a digital representation of value that be digitally traded, such as "Bitcoin" or "Ether."

² I have been informed by the Case Agent-1 that Centra Tech, through its outside counsel and its General Counsel and Chief Compliance Officer, Allen Shutt, are working to provide law enforcement authorities with voluntary, consensual access to the safe deposit box maintained at Wells Fargo.

been defined and referred to herein as the "Subject Premises." (Based on my review of criminal history records of the ROBERT FARKAS charged in the Criminal Complaint, I have learned that FARKAS has the same date of birth and the same middle initial as the "Robert J. Farkas" who opened that Citibank safe deposit box, and thus, there is probable cause to believe that FARKAS is the person who opened that Citibank safe deposit box.) Citibank has no record of any other safe deposit boxes opened in the name of ROBERT FARKAS, and has no record of any safe deposit boxes opened in the name of Allen Shutt.

ii. Last week, following the arrest of FARKAS on or about April 1, 2018 on the charges set forth in the Criminal Complaint, an unidentified female called the Citibank branch in which the Subject Premises is located and demanded access to the Subject Premises, claiming that she had a power of attorney signed by ROBERT FARKAS giving her authorization to access and retrieve the contents of the Subject Premises. This demand was denied by Citibank because, among other reasons, only FARKAS himself is authorized to access the Subject Premises.

d. Based on the foregoing, I respectfully submit that there is probable cause to believe that the Subject Premises is the safe deposit box containing the paper fragment given to FARKAS containing a portion of the passcode needed to access the digital wallet containing funds raised from investors who purchased Centra Tech tokens based on the fraudulent misrepresentations and omissions detailed in the Criminal Complaint.

e. According to Case Agent-1, the digital funds contained in the digital wallet were worth approximately \$39,652,000.00 as of April 9, 2018.

11. Based on the foregoing, my training and experience, the facts set forth in the Criminal Complaint and Warrant Affidavit, my involvement in assisting the case agents from FBI's New York Regional Office on this investigation, and my conversations with the Case Agent-1, I believe and respectfully submit that there is probable cause to believe that: (a) millions of

dollars' worth of digital funds raised from victims of the Subject Offenses that SOHRAB

SHARMA and ROBERT FARKAS have been charged with committing by the Criminal

Complaint, representing the proceeds and fruits of the Subject Offenses, are contained in the

above-described digital wallet; (b) given FARKAS' association with and control of the Subject


Premises, the recovery from the Subject Premises of a paper fragment containing a portion of the passcode to access that digital wallet and retrieve the victim funds from it would constitute evidence of the Subject Offenses, including, for example, proof of FARKAS' control of those victim funds; and (c) the victim funds in that digital wallet are both evidence and fruits of the Subject Offenses, and the recovery by law enforcement of the portion of the passcode in the Subject Premises is a prerequisite that is necessary to enable law enforcement to access that digital wallet and seize those victim funds both as evidence in this matter and to prevent their dissipation.

12. Furthermore, based on the foregoing and on my training and experience, I know that individuals involved in criminal activity often use safe deposit boxes such as the Subject Premises to hide proceeds of criminal activity such as the Subject Offenses and also evidence of criminal activity such as the Subject Offenses. It is not uncommon for a criminal to hide a record of incriminating information, such as a handheld digital device, or a thumb drive containing data concerning the operation of an illegal scheme, in a safe deposit box such as the Subject Premises, as well as documents showing the criminal's control of and association with the incriminating evidence kept in the box.


III. Conclusion

13. Based on the foregoing, I respectfully submit that there is probable cause to believe that SOHRAB SHARMA and ROBERT FARKAS committed the Subject Offenses as charged in the Criminal Complaint, and that evidence, contraband, fruits, and instrumentalities, as described in Attachment AII, of the Subject Offenses, will be found during a search of the Subject Premises, which is further described above and in Attachment AI to this Affidavit.

14. Accordingly, I respectfully request that the Court issue a warrant to search the Subject Premises and seize the items and information specified in Attachment AII to this Affidavit and to the proposed search and seizure warrant.


DANNE MURPHY
Special Agent
Federal Bureau of Investigation

Sworn to before me on
April 10, 2018


HON. CHRIS M. MCALLEY
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF FLORIDA

AO 93 (SDNY Rev. 01/17) Search and Seizure Warrant

UNITED STATES DISTRICT COURT

for the
Southern District of FloridaIn the Matter of the Search of
(Briefly describe the property to be searched
or identify the person by name and address)The Safe Deposit Box described in Attachment A1 and
any Closed Containers/Items Stored Therein.

Case No.

18-mj-2532-CMM

SEARCH AND SEIZURE WARRANT

To: Any authorized law enforcement officer

An application by a federal law enforcement officer or an attorney for the government requests the search
of the following person or property located in the Southern District of Florida
(Identify the person or describe the property to be searched and give its location):

See Attachment A1

The person or property to be searched, described above, is believed to conceal (identify the person or describe the property
to be seized):

See Attachment A1

The search and seizure are related to violation(s) of (insert statutory citations):

Title 18, United States Code, Sections 78j(b) and 78ff, Title 18, United States Code, Sections 371, 1343, 1349, and 2.

I find that the affidavit(s), or any recorded testimony, establish probable cause to search and seize the person or
property.

YOU ARE COMMANDED to execute this warrant on or before

April 24, 2018

(not to exceed 14 days)

☒ in the daytime 6:00 a.m. to 10 p.m. ☐ at any time in the day or night as I find reasonable cause has been
established.Unless delayed notice is authorized below, you must give a copy of the warrant and a receipt for the property
taken to the person from whom, or from whose premises, the property was taken, or leave the copy and receipt at the
place where the property was taken.The officer executing this warrant, or an officer present during the execution of the warrant, must prepare an
inventory as required by law and promptly return this warrant and inventory to the Clerk of the Court.☐ Upon its return, this warrant and inventory should be filed under seal by the Clerk of the Court.☐ I find that immediate notification may have an adverse result listed in 18 U.S.C. § 2703 (except for delay
of trial), and authorize the officer executing this warrant to delay notice to the person who, or whose property, will be
searched or seized (check the appropriate box) ☐ for _____ days (not to exceed 30)☐ Until, the facts justifying, the later specific date of _____

Date and time issued:

April 10, 2018 4:40pm

City and state:

Miami, Fla
33128

Hon. Chris M. McAliley, U.S. Magistrate Judge

Printed name and title

USAO SDNY 00009263

ATTACHMENT A

I. Premises to be Searched—Subject Premises

The premises to be searched (the “Subject Premises”) are described as follows, and include all locked and closed containers found therein:

A Citibank safe deposit box, assigned a unique account number (namely, Account No. 688498160370000057), opened in the name of “Robert J. Farkas,” located in the Citibank Branch at 2750 Aventura Boulevard, Aventura, Florida 33180.

II. Items to Be Seized

A. Evidence, Fruits, and Instrumentalities of the Subject Offenses

The items to be seized from the Subject Premises include the following evidence, fruits, and instrumentalities of conspiracy to commit securities fraud in violation of Title 18, United States Code, Section 371, securities fraud and aiding and abetting the same, in violation of Title 15, United States Code, Section 78j(b) and 78ff and Title 18, United States Code, Section 2, conspiracy to commit wire fraud in violation of Title 18, United States Code, Section 1349, and wire fraud and aiding and abetting the same in violation of Title 18, United States Code, Sections 1343 and 2 (collectively, the “Subject Offenses”) described as follows:

1. Any documents reflecting or concerning the passcode to a digital wallet containing funds raised from investors by Centra Tech, Inc. (“Centra Tech”) and its co-founders, including Sohrab Sharma and Robert Farkas, in connection with Centra Tech’s offering of unregistered securities in the form of Centra Tech tokens as part of a so-called “initial coin offering” (“ICO”) that took place during the period from in or about July 2017 through October 2017, including the original paper fragment containing a portion of that passcode.

2. Any documents showing that Farkas, Sharma, or anyone else affiliated with Centra Tech has or had access to, or control of, the Subject Premises or any of the items contained in it.

Exhibit B

Exhibit B

Approved: _____

NEGAR TEKEEI / SAMSON ENZER
Assistant United States Attorneys

Before: HONORABLE JAMES L. COTT
United States Magistrate Judge
Southern District of New York

UNITED STATES OF AMERICA

- v. -

SOHRAB SHARMA,
a/k/a "Sam Sharma," and
Robert Farkas,
a/k/a "Bob,"

Defendants.

x

:

:

SEALED COMPLAINT

:

:

Violations of

:

15 U.S.C. §§ 78j(b), 78ff;

:

17 C.F.R. §§ 240.10b-5; 18

:

U.S.C. §§ 371, 1343, 1349

:

and 2

:

COUNTY OF OFFENSES:

:

New York

:

x

SOUTHERN DISTRICT OF NEW YORK, ss.:

BRANDON RACZ, being duly sworn, deposes and says that he is a Special Agent with the Federal Bureau of Investigation ("FBI") and charges as follows:

COUNT ONE

(Conspiracy To Commit Securities Fraud)

1. From at least in or about July 2017, up to and including the date of this Complaint, in the Southern District of New York and elsewhere, SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit offenses against the United States, to wit, securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5.

2. It was a part and object of the conspiracy that SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, and others known and unknown, willfully and

knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce and of the mails, and of the facilities of national securities exchanges, would and did use and employ manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which ~~operated and would operate as a fraud and deceit upon persons,~~ in violation of Title 15, United States Code, Sections 78j(b) and 78ff, to wit, the defendants and others known and unknown participated in a scheme to defraud purchasers of Centra Tech, Inc. ("Centra Tech") cryptocurrencies by making material misrepresentations about Centra Tech, its purported partnerships with Bancorp, Visa and Mastercard, its products, its licensing in various states, and its executive personnel, causing investors to purchase more than \$25 million worth of Centra Tech cryptocurrencies, which function as unregistered securities, during the time period of Centra Tech's initial coin offering.

Overt Acts

3. In furtherance of the conspiracy and to effect its illegal object, SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, and others known and unknown, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. On or about August 14, 2017, SHARMA, in an interview by a cryptocurrency podcast, made material misrepresentations about an initial coin offering for the digital assets and cryptocurrency company Centra Tech, for which he was a founder, President, and Chief Technology officer at various times.

b. ~~On or about September 6, 2017, FARKAS, a chief marketing officer for Centra Tech, sent an email to an individual at a marketing company describing Centra Tech's currency conversion capabilities as "allow[ing] real time conversion of all supported cryptocurrencies to give the user the ability to spend their assets in real time anywhere in the world that accepts Visa or Mastercard."~~

c. On or about November 28, 2017, FARKAS attended a blockchain technology conference in New York City, New York, on behalf of Centra Tech, a sponsor of the conference, for the purpose of promoting Centra Tech and its products.

(Title 18, United States Code, Section 371.)

COUNT TWO
(Securities Fraud)

4. From at least in or about July 2017, up to and including the date of this Complaint, in the Southern District of New York and elsewhere, SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, and others known and unknown, willfully and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce and of the mails, and of the facilities of national securities exchanges, used and employed manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon persons, to wit, the defendants and others known and unknown participated in a scheme to defraud purchasers of Centra Tech cryptocurrencies by making material misrepresentations about Centra Tech, its purported partnerships with Bancorp, Visa and Mastercard, its products, its licensing in various states, and its executive personnel, causing investors to purchase more than \$25 million worth of Centra Tech cryptocurrencies, which function as unregistered securities, during the time period of Centra Tech's initial coin offering.

(Title 15, United States Code, Sections 78j(b) & 78ff;
Title 17, Code of Federal Regulations, Sections 240.10b-5; and
Title 18, United States Code, Section 2.)

COUNT THREE
(Conspiracy To Commit Wire Fraud)

5. From at least in or about July 2017, up to and including the date of this Complaint, in the Southern District of New York and elsewhere, SOHRAB SHARMA, a/k/a "Sam Sharma,"

and ROBERT FARKAS, a/k/a "Bob," the defendants, and others known and unknown, willfully and knowingly combined, conspired, confederated, and agreed together and with each other to commit offenses against the United States, to wit, wire fraud, in violation of Title 18, United States Code, Section 1343.

6. It was a part and an object of the conspiracy that SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, would and ~~did transmit and cause to be transmitted by means of wire,~~ radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343, to wit, the defendants and others known and unknown participated in a scheme to defraud purchasers of Centra Tech cryptocurrencies by making material misrepresentations about Centra Tech, its purported partnerships with Bancorp, Visa and Mastercard, its products, its licensing in various states, and its executive personnel.

(Title 18, United States Code, Section 1349.)

COUNT FOUR
(Wire Fraud)

7. From at least in or about July 2017, up to and including the date of this Complaint, in the Southern District of New York and elsewhere, SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, and attempting to do so, did transmit and cause to be ~~transmitted by means of wire, radio, and television~~ communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of ~~executing such scheme and artifice, to wit, the defendants and~~ others known and unknown participated in a scheme to defraud ~~purchasers of Centra Tech cryptocurrencies by making material~~ misrepresentations about Centra Tech, its purported partnerships with Bancorp, Visa and Mastercard, its products, its licensing in various states, and its executive personnel, and in the course of executing such scheme, caused interstate and international wires to be sent, including emails between New

York, New York and Florida and a location outside of the United States.

(Title 18, United States Code, Section 1343 and 2.)

The bases for my knowledge and for the foregoing charges are, in part, as follows:

8. I have been a Special Agent with the FBI for approximately two and a half years. I am currently assigned to a squad that investigates white collar crimes, including complex financial frauds and conduct within the regulatory jurisdiction of the U.S. Securities and Exchange Commission ("SEC"). I have participated in investigations of such offenses, and have made and participated in arrests of individuals who have committed such offenses.

9. The information contained in this Complaint is based upon my personal knowledge, as well as information obtained during this investigation, directly or indirectly, from other sources, including, but not limited to: (a) business records and other documents, such as trading records, bank records, telephone records, and records of electronic communications, including text messages; (b) publicly available documents; (c) conversations with, and reports of interviews with, non-law-enforcement witnesses; (d) conversations with, and reports prepared by, other agents; and (e) conversations with representatives from the U.S. Securities and Exchange Commission ("SEC"). Because this Complaint is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions and statements of and conversations with others are reported herein, they are reported in substance and in part. Where figures, calculations, and dates are set forth herein, they are approximate, unless stated otherwise.

The Defendants and Relevant Entities

10. Based on my review of publicly available information and records provided by Centra Tech to representatives of the SEC, I have learned the following, in substance and in part:

a. Centra Tech is a Delaware corporation based in Miami Beach, Florida. Centra Tech advertises itself through its website, <https://centra.tech> (the "Centra Tech Website"), press releases, and statements on the Internet as a company that

offers various methods to store and spend digital assets such as cryptocurrencies. For example, the Centra Tech Website currently advertises that Centra Tech "offers blockchain products such as a Wallet to store digital assets, a Prepaid Card to spend the digital assets, and three soon to be released products and services, which include a Marketplace to buy goods with the digital assets, a cryptocurrency Exchange Platform to buy, sell and trade digital assets, and a open-source hyper speed DPoS Blockchain."

b. The following individuals, among others, are or have been employed at Centra Tech:

i. SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, was a founder of Centra Tech, its President, and its Chief Technology Officer. On October 31, 2017, Centra Tech announced that SHARMA was "stepping aside to support the continued growth of the company," and announced a "reconstituted executive management team" that did not include SHARMA.

ii. ROBERT FARKAS, a/k/a "Bob," has held various positions at Centra Tech, including as its chief marketing officer and chief operating officer.

c. The Bancorp, Inc. ("Bancorp") is a Delaware-based financial services company with offices throughout the United States. Bancorp provides a variety of financial services to companies and individuals, including issuing debit and prepaid cards, and payments processing, which it does by virtue of contractual partnerships with other financial services companies such as Visa and Mastercard, among others.

d. Visa Inc. ("Visa") is a U.S.-based multinational financial services corporation headquartered in Foster City, California. Visa facilitates electronic funds transfers throughout the world, most commonly through "Visa"-branded credit cards and debit cards.

e. Mastercard Incorporated ("Mastercard") is a U.S.-based multinational financial services corporation headquartered in Purchase, New York. Mastercard's principal business is to process payments between the banks of merchants and the card issuing banks or credit unions of the purchasers who use the "Mastercard" brand debit and credit cards to make purchases.

Relevant Regulatory Background and Definitions

11. An "initial coin offering" ("ICO") is a type of fundraising event in which an entity offers participants a unique digital "coin" or "token" in exchange for consideration. The consideration often comes in the form of "virtual currency" or "cryptocurrency," but can also be "fiat currency," which is currency, like the U.S. dollar and the Euro, that a government has declared to be legal tender, but is not backed by a physical commodity. "Virtual currency" or "cryptocurrency" is a digital representation of value that can be digitally traded and functions as (1) a medium of exchange, (2) a unit of account, and/or (3) a store of value, but does not have legal tender status. Unlike fiat currency, like the U.S. dollar and the Euro, virtual currency is not issued by any jurisdiction and functions only by agreement within the community of users of that particular currency. Examples of virtual currency are Bitcoin and Ether.¹

12. The tokens or coins issued in an ICO are issued and distributed on a "blockchain" or cryptographically-secured ledger. Tokens often are also listed and traded on online platforms, typically called virtual currency exchanges, and they usually trade for other digital assets or fiat currencies. Often, tokens are listed and tradeable immediately after they are issued.

13. ICOs are typically announced and promoted through the Internet and e-mail. Issuers usually release a "whitepaper" or "white paper" describing the project and the terms of the ICO. In order to participate in the ICO, investors are generally required to transfer funds to the issuer. After the completion of the ICO, the issuer will distribute its unique "coin" or "token" to the participants. The tokens may entitle the holders to certain rights related to a venture underlying the ICO, such as rights to profits, shares of assets, rights to use certain services provided by the issuer, and/or voting rights. These tokens may also be listed on online platforms, often called virtual currency exchanges, and be tradable for virtual currencies.

¹ Based on my training, experience, and participation in this investigation, I have learned that "Ether" is a cryptocurrency whose blockchain is generated by the Ethereum platform, and the term "Ether" is sometimes used interchangeably with "Ethereum."

14. Under Section 2(a)(1) of the Securities Act of 1933, a security includes "an investment contract." 15 U.S.C. § 77b. An "investment contract" is a contract, transaction or scheme "whereby a person invests his money in a common enterprise and is led to expect profits solely from the efforts of the promoter or a third party." *S.E.C. v. W.J. Howey Co.*, 328 U.S. 293, 298-99 (1946). "The test is whether the scheme involves an investment of money in a common enterprise with profits to come solely from the efforts of others." *Id.* at 301. Importantly, the economic realities of the transaction or product and not its name determine whether the instrument is a security. *United Hous. Found, Inc. v. Forman*, 421 U.S. 837, 851 (1975). Pursuant to Sections 5(a) and 5(c) of the Securities Act, a company or individual conducting an offer or sale of securities to the public must file a registration statement with the SEC. 15 U.S.C. § 77e(a) and (c).

Overview of the Scheme to Defraud

15. From at least July 2017 up to and including the day of this Complaint, SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, and others known and unknown, participated in a scheme to defraud purchasers of Centra Tech cryptocurrencies by making material misrepresentations about Centra Tech, its purported partnerships with Bancorp, Visa, and Mastercard, its products, its licensing in various states, and its executive personnel. Through these misrepresentations, SHARMA and FARKAS caused investors to purchase more than \$25 million worth of Centra Tech cryptocurrencies, which function as unregistered securities, during the time period of Centra Tech's initial coin offering.

The Centra Tech ICO

16. As set forth in greater detail below, based on my participation in this investigation and my review of reports and records prepared by others, from in or about July 2017 through in or about October 2017, Centra Tech raised capital, by offering unregistered securities via an ICO, to operate what Centra Tech advertised would be the world's first multi-blockchain debit card (the "Centra Tech ICO"). In sum, Centra Tech accepted digital currency from investors in exchange for Centra Tokens that Centra Tech stated could be "exchange[d] . . . on the Cryptocurrency exchanges for a profit" and would "allow[] users to join [Centra Tech's] success and mission while generating a profit." (emphasis added). In doing so, Centra Tech made multiple false statements, including on the Centra Tech Website and in materials posted to the Centra Tech Website,

regarding, among other things, (a) the "Centra Card" or the "Centra Debit Card," a debit card that was falsely advertised as one that would allow users to make purchases using any blockchain currency of choice and would work at any location that accepted Visa or Mastercard, (b) Centra Tech's partnerships with Bancorp, Visa, and Mastercard, which did not exist, (c) individual state licenses held by Centra Tech, at least some of which did not exist, and (d) the identity of one of Centra Tech's executives, who does not appear to exist.

17. Based on my review of publicly available information and records provided by Centra Tech to representatives of the SEC, among other sources, I have learned the following, in substance and in part:

a. On or about July 23, 2017, Centra Tech issued a press release that it paid to be published on the website "cointelegraph.com" (the "July 23 Press Release"). In the July 23 Press Release, Centra Tech described the Centra Tech ICO as "truly a ground floor opportunity to be part of a global solution to the blockchain currency dilemma that offers a comprehensive rewards program for both token and card holders while giving the ability to spend your cryptocurrency in real time with no fees." The July 23 Press Release also touted Centra Tech's products: (1) the "Centra Debit Card" which purported to "enable[] users to make purchases using their blockchain currency of choice," and "work[] anywhere that accepts Visa or MasterCard," (2) the "Centra Wallet App," which "makes it easy for people to register for the Centra Debit Card, store their cryptocurrency assets, as well as control its functions," and (3) "cBay," the "world's first Amazon type of marketplace created especially for cryptocurrency acceptance." The July 23 Press Release also advertised Centra Tech's "Currency Conversion Engine" as allowing users "the ability to spend their assets anywhere in the world that accepts Visa and/or MasterCard."

b. On or about July 25, 2017, Centra Tech issued a press release that it paid to be published on the website Bitcoin.com (the "July 25 Press Release"). In the July 25 Press Release, Centra Tech described the Centra Tech ICO as "truly a ground floor opportunity to be part of a global solution to the blockchain currency dilemma that offers a comprehensive rewards program for both token and card holders while giving the ability to spend your cryptocurrency in real time with no fees." The July 25 Press Release also touted Centra Tech's products: (1) the "Centra Debit Card" which purported to "enable[] users to

make purchases using their blockchain currency of choice," and "work[] anywhere that accepts Visa or MasterCard," (2) the "Centra Wallet App," which "makes it easy for people to register for the Centra Debit Card, store their cryptocurrency assets, as well as control its functions," and (3) "cBay," the "world's first Amazon type of marketplace created especially for cryptocurrency acceptance." The July 25 Press Release also advertised Centra Tech's "Currency Conversion Engine," as allowing users "the ability to spend their assets anywhere in the world that accepts Visa and/or MasterCard."

c. Centra Tech also posted several different ~~versions of a white paper advertising the Centra Tech ICO on the~~ Centra Tech Website. A version of the ICO White Paper that was downloaded from the Centra Tech Website on or about August 3, 2017 and labeled "FINAL DRAFT" ("White Paper-1") contained several statements describing the ICO and the Centra Card using terminology indicative of a securities offering. For example:

i. White Paper-1 described the Centra Tech ICO as a token offering for which 400 Centra Tokens, or "CTR"s, would be sold for 1 ETH. Based on my training, experience, and participation in this investigation, I have learned that "ETH" is the currency code for Ether, a cryptocurrency whose blockchain is generated by the Ethereum platform.

ii. Centra Tech stated that it would be offering "68% of all [Centra] Tokens to be created for purchase in our crowd sale to the public" and would "allocate 20% of all [Centra] Tokens created to distribution of bug bounty, business development, community projects, market expansion, and more" while "[t]he remaining 12% will be distributed to Centra Techs founders, early investors, and employees as an incentive to create a long lasting mutual interest and dedication to the tokens and their prolonged value."

~~iii. In providing details about the Centra Card and the Centra Tech ICO, White Paper-1 referenced different levels of investment opportunity:~~

~~1. The "Centra Black Card founders edition" was to be issued to "our first 500 ICO backers whom purchase with 100+ ETH" and would carry with it an "enhanced rewards program."~~

~~2. The "Centra Gold Card limited edition" would be "allocated to our first 1000 contributors whom purchase CTR"~~

Tokens with 30+ ETH," and would also carry an "enhanced rewards program."

3. The "Centra Blue & Virtual Card" would be the "signature and traditional card."

iv. White Paper-1 advertised multiple "rewards" programs for Centra Token holders. For example, White Paper-1 advertised that Centra Token holders would receive a ".8% ETH" reward for every transaction in the "network" (the "Network Rewards Program"). This was in contrast to another rewards program advertised in White Paper-1, which offered "Card rewards of up to 2% of your purchases made on the Centra card." Based on my review of White Paper-1, and representations made by SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, as described in paragraph 30.e., below, explaining that "through our revenue share we actually give .8 percent of that away to token holders as part of our program to join the Centra Tokens," I believe the Network Rewards Program functions like a dividend in that it is offering a share - .8% ETH - of Centra Tech's revenue.

v. Although it claimed that holders of the Centra Token "by no means own any securities or interest in Centra Tech," and that the Centra Tokens "are not securities nor shares," White Paper-1 promised that Centra Token purchasers would "be able to place their wallet to use on Centra Debit card, or exchange them [the Centra Tokens] on the Cryptocurrency exchanges for a profit." White Paper-1 also claimed that the Centra Card and Centra Wallet were "already live in beta," and that Centra Tech was "offering our initial crowd sale of tokens to appropriately fund the vision of Centra Tech's future." It further claimed that Centa Tech's "initial coin offering allows users to join our success and mission while generating a profit." (emphasis added).

vi. White Paper-1 also contained several misrepresentations, as described further in paragraphs 34 through 43, below, about Centra Tech's relationships with financial services institutions. For example:

1. In describing the Centra Card, White Paper-1 stated: "For our United States clients the Centra Card will be a Visa card while for international users the Centra card issued will be a MasterCard. . . . The Centra Card allows all supported cryptocurrencies to become spendable in real time based on the government fiat being used at the time the card is used at a participating location that accepts Visa or MasterCard."

2. White Paper-1 contained multiple images of Centra Cards with the "Visa" logo.

3. White Paper-1 also stated that one benefit and advantage of the Centra Card was "Access to 36+ Million Points of Sale where Visa and/or Master-Card is accepted in 200+ countries."

4. A product comparison table in White Paper-1 reported that the issuers of the Centra Card were "MasterCard and Visa."

5. White Paper-1 contained a timeline of Centra Tech's "milestone items," including a "Major Banking Partnership signed and license agreement with VISA USA Inc formulated" in January 2017, and a "Beta Launch of Centra Black Card and Centra Wallet App Live" in March 2017.

6. White Paper-1 also used the logos of Bancorp, Visa and Mastercard when describing Centra Tech's partners.

vii. White Paper-1 stated that "Centra Tech holds individual licenses in 38 states namely Alabama, Arizona, Alaska, Arkansas, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Mississippi, Nevada, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Oregon, Rhode Island, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, and West Virginia." It further stated that the licenses "are held under categories of Money Transmitter, Sales of Checks, Electronic Money Transfers, and Seller of Payment Instruments."

viii. White Paper-1 advertised the "Centra Tech Team" as comprising, among other individuals, SHARMA as the "CTO & Co-Founder"; FARKAS as the "CMO"; and "Michael Edwards" as the "CEO & Co-Founder."

SHARMA's Representations in Connection with the
Centra Tech ICO

18. On or about August 14, 2017, SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, was interviewed by Neocash Radio, a cryptocurrency podcast, about the Centra Tech ICO. Based on my

review of a recording of the interview, I have learned that SHARMA stated, among other things, the following:²

a. "[I]nternationally, we currently have our license with Mastercard, to service international clients. Domestically, we do have the Visa partnership, so we are able to issue Visa cards domestically and Mastercards internationally."

b. "Right now we are currently in our live Beta stage, which we have members of our internal organization as well as some external that have gotten our Centra Black Founder cards recently. We're going through . . . pretty much a phase two of testing right now where we are just going through daily transactions, testing volume, etc., and we've gotten really good results so far on it."

c. SHARMA also stated that Centra Tech had "pretty much a successful test rate in terms of errors, in terms of proof processes and the whole flow of the card attaching to the app," when discussing the Centra Wallet.

d. SHARMA identified "Mike Edwards" as a "VP and co-founder" who was an early investor in Centra Tech.

e. In describing the rewards system for purchasers in the ICO, SHARMA stated: "The rewards percentage that we get from Visa and Mastercard through our revenue share we actually give .8 percent of that away to token holders as part of our program to join the Centra tokens."

f. "[R]ight now is a great time to join our system, we have a token sale that is going on, it finishes on October 5th . . . we're currently a little bit north of \$10 million raised in our first eight days of our crowd sale so I definitely want to thank all of my contributors and anyone who is listening for joining that as well."

g. SHARMA stated that there was currently a 20% token bonus on top of the current token sale that "can be redeemed via email."

² The summaries and transcript of the recorded interview set forth herein is based on a preliminary draft transcription and remains subject to revision.

h. "We have a couple of large deals we're working on right now with a few companies so we should be over by I would say early September."

i. SHARMA directed listeners to the Centra Tech website, www.centra.tech, to find out more about the Centra Tech ICO: "You can go to our website, www.centra.tech, and you can click the token sale page as well as our white paper is on there and you can just get an insight of everything from A to Z."

j. SHARMA stated that while Centra Tech was licensed in 38 states, "the states that we are operating in currently for licensing purposes is just so the ability to withdraw and transmit your Bitcoins. As far as actually utilizing the card itself to the wallet and spending the cryptocurrencies, that's available in all states."

k. SHARMA also stated that he was able to work through the U.S. licensing issues with a contact he knew at Metropolitan Commercial Bank. SHARMA stated that "our system is connected to the bank and we're connected to the clients."

Additional Representations by FARKAS

19. Based on my review of records provided by Centra Tech to the SEC, and which were provided to me in connection with this investigation, I have learned, in substance and in part, the following:

a. On or about August 30, 2017, SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, sent an email to an individual not at Centra Tech, and copied ROBERT FARKAS, a/k/a "Bob," the defendant, to the email. In that email, SHARMA conveyed a message that SHARMA had received from Bancorp stating the following:

Mr. Sharma: I left a voicemail on your phone, but I am following up here as well. CENTRA TECH IS HEREBY DIRECTED TO CEASE AND DESIST FROM REPRESENTING THAT THE BANCORP BANK HAS ANY CONNECTION WITH, OR IS THE ISSUER OF ANY CARD PRODUCTS RELATED TO CENTRA TECH. YOU ARE ALSO DIRECTED TO CEASE AND DESIST USING OUR LOGO OR OTHER IMAGES IN CONNECTION WITH THE MARKETING OF ANY CARD PRODUCTS OR WALLETS YOU OFFER. Please REMOVE any and all references to The Bancorp Bank or The Bancorp Inc. from

any and all websites, marketing materials or other communications, including blogs as this has not been authorized by The Bancorp. I expect you will be hearing from federal banking regulators as well.

b. On or about September 6, 2017, FARKAS exchanged emails with an individual at a company that provides a search engine allowing users to look up, confirm, and validate transactions that have taken place on the Ethereum blockchain ("Company-1"). In the emails, FARKAS inquired about how to obtain advertising space on Company-1's website, and stated, in substance and in part, the following:

I know there are some past issues but we are now complete on our Pre-ICO raised over 10M in ETH and have been verified by all of our staff on Token Market

...
We have ad space everywhere else except here. Please let me know if you need any identifying documents or anything to proceed with our ad space.

FARKAS also provided the advertising text that he wanted Company-1 to post "Centra Card ® & Centra Wallet ® Now available Worldwide!" FARKAS signed the email "Robert Farkas CMO." After receiving a response from Company-1 that it was "not able to cater to [Centra Tech's] advertising needs at this point [in] time," FARKAS forwarded the emails to "ssharma491@gmail.com," an email address used by SHARMA.³

c. In or about early September 2017, FARKAS, using the email address "support@centra.tech," and at times signing his name "Bob," or "Robert Farkas CMO Centra," exchanged a series of emails with an individual at a marketing company seeking to write promotional materials and/or articles about Centra Tech ("Individual-1"). On or about September 6, 2017, FARKAS described Centra Tech as follows:

The biggest problem in the crypto world is being able to spend your cryptocurrency

³ Based on records provided to the FBI by Google, I have learned that SHARMA is listed as the subscriber for the email address "ssharma491@gmail.com." In addition, based on my review of records produced by Centra Tech to the SEC, I have learned that SHARMA uses the email address "ssharma491@gmail.com."

effortlessly. The Centra Card and Centra Wallet app are the solution. Our Currency Conversion Engine Module (CCE Module) allows real time conversion of all supported cryptocurrencies to give the user the ability to spend their assets in real time anywhere in the world that accepts Visa or Mastercard.

...

Thanks,
Bob

On or about September 13, 2017, Individual-1 appears to have provided FARKAS with a draft of written materials related to Centra Tech and, later that same day, FARKAS responded with edits, including the following:

Title: Can we change it too: This company has brought cryptocurrency into the real world
reason being is that our card is live and working and has been shipped to clients already ☺

. . . .
Thanks,
Bob

20. From approximately in or about September 2017 through in or about December 2017, FARKAS received and responded to multiple emails either directly or through the "support@centra.tech" email account from individuals interested in participating in the Centra Tech ICO, interested in purchasing Centra Tokens, or otherwise seeking information about Centra Tech.

21. Based on my review of records provided by Centra Tech to the SEC, I have learned, in substance and in part, that, in or about October 2017, FARKAS registered Centra Tech as a sponsor of "Consensus: Invest 2017," a blockchain technology summit or conference that took place on or about November 28, 2017 in New York City, New York. I have reviewed a video posted to Centra Tech's YouTube channel on or about January 5, 2018 entitled "Centra Consensus-NYC Cryptocurrency Blockckain Expo Invest." The video depicts what appears to be people and activities at the "Consensus" Invest 2017," including a Centra

Tech booth or table at the conference, and shows FARKAS engaging in conversations with various people during the conference. Based on the foregoing, I believe that FARKAS was in New York City, New York, on or about November 28, 2017, and engaged in promotional and marketing activities for Centra Tech at the "Consensus: Invest 2017" conference.

The Fraudulent Partnerships with Bancorp, Visa, and Mastercard

22. Based on my conversations with a representative of Bancorp ("Witness-1") and my review of documents provided by Bancorp, I have learned, in substance and in part, the following:

a. In approximately August 2017, Witness-1 learned from Bancorp's marketing group that a potential investor or purchaser of Centra Tech tokens had inquired as to whether Bancorp had a business relationship with Centra Tech, as was represented by Centra Tech in its marketing materials at the time.

b. In investigating the inquiry in approximately August 2017, Witness-1 reviewed the Centra Tech Website and a white paper posted on the Centra Tech Website. Witness-1 discovered that Bancorp's issuer statement, a statement regarding who the card issuer is any time a Visa or Mastercard image is displayed, was being used on the Centra Tech Website. Witness-1 knew by looking at the Centra Tech Website and white paper that Bancorp would not ever work with a company such as Centra Tech by virtue of the risk level of the product Centra Tech was offering.

c. Witness-1 reviewed Bancorp internal databases, to include Bancorp's list of entities with which it had card issuance relationships and entities involved in Bancorp's co-branded incentive card program, to see whether Bancorp had any sort of relationship with Centra Tech. Through this process, Witness-1 confirmed that Bancorp did not have any relationships with Centra Tech.

d. Witness-1 took screenshots of the Centra Tech Website, including a page that misrepresented Bancorp's issuer statement.

e. One screenshot that Witness-1 retained stated, among other things:

The Centra Card Visa Debit Card is issued by The Bancorp Bank, member FDIC, pursuant to a license from Visa U.S.A. Inc. "The Bankcorp"⁴ and "The Bancorp Bank" are registered trademarks of The Bankcorp Bank © 2014. Use of the Card is subject to the terms and conditions of the applicable Cardholder Agreement and fee schedule, if any.

The Centra Card Mastercard® Debit Card is issued by The Bancorp Bank, member FDIC, pursuant to a license from Mastercard International Incorporated. "The Bankcorp" and "The Bancorp Bank" are registered trademarks of The Bankcorp Bank © 2014. Use of the Card is subject to the terms and conditions of the applicable Cardholder Agreement and fee schedule, if any.

f. As described above, Witness-1 reviewed a white paper that was posted to the Centra Tech Website in August 2017. Witness-1 recalled that the white paper contained multiple misrepresentations, including about Centra Tech's purported relationship with Bancorp.

g. In approximately August 2017, Witness-1 attempted to reach individuals at Centra Tech through, among other methods, the "Contact Us" portion of the Centra Tech Website to request that Centra Tech remove the Bancorp logo and the false statements regarding Centra Tech's purported relationship with Bancorp. Witness-1 did not receive a response from Centra Tech.

h. Based on my conversations with another representative of Bancorp ("Witness-2") and my review of documents provided by Bancorp, I have learned, in substance and in part, that, on or about August 30, 2017, Bancorp sent a cease and desist notice to Centra Tech to which Centra Tech did not respond.

23. Based on my conversations with a representative of Visa ("Witness-3") and my review of documents provided by Visa, I have learned, in substance and in part, the following:

4 This excerpt from the Centra Tech Website has not been altered to correct spelling or other errors. In this excerpt, "Bancorp" is also spelled "Bankcorp."

a. On or about October 10, 2017, Visa became aware that Centra Tech was using the Visa name and logo on marketing materials in connection with the Centra Card and the Centra Tech ICO.

b. Visa employees researched whether Visa had any relationship, direct or indirect, with Centra Tech. Visa determined that it had no relationship with Centra Tech.

c. Visa employees took screenshots of portions of the Centra Tech Website using and showing the Visa name and trademark, including of purported Centra Cards with the Visa logo.

d. On or about October 10, 2017, Visa's Legal Department sent an email to Centra Tech, at support@centra.tech, attaching a cease and desist letter (the "October 10 Letter"). In the October 10 Letter, Visa stated, in part:

It has come to our attention that Centra Tech ("Centra") is using the Visa-Owned Marks on its site <https://www.centra.tech> as well as on its various social media sites (e.g., Facebook, Twitter, Instagram, YouTube) and other mediums. It appears Centra is purporting to be an authorized distributor of VISA payment cards utilizing cryptocurrency technology. . . . However, to the best of our knowledge and good faith belief, Centra is not authorized to use the Visa-Owned Marks in this manner, nor is it authorized to issue, sell, or otherwise distribute VISA payment cards. If this is not the case, please advise and explain immediately, i.e., if Centra is working with an authorized Visa Issuing bank.

Visa attached to the October 10 Letter multiple screenshots from the Centra Tech Website in which Centra Tech had misappropriated the Visa trademark.

e. In the October 10 Letter, Visa requested that Centra Tech cease and desist from using Visa's trademarks and "promoting that it is an authorized distributor of VISA payment cards," and for Centra Tech to remove all references to Visa from the Centra Tech Website and any promotional materials.

Visa also requested that Centra Tech "identify the bank or financial institution it is working with (if any) to issue a purported VISA payment card product."

f. In response to the October 10 Letter, SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, provided Visa with an acknowledgment that he had received the October 10 Letter, but did not identify any financial institutions with which Centra Tech was working to issue a Visa payment card product.

24. Based on my review of records provided by Centra Tech to the SEC, and which were provided to me in connection with this investigation, I have learned, in substance and in part, the following:

a. On or about October 10, 2017, SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, using the email address "sam@centra.tech," emailed a response to Visa's October 10 Letter, stating:

This matter has been brought to my attention. I will have this matter rectified in 48 hours. We are currently in the process of finalizing our Co-branded Prepaid Card Program, but might not meet the Nov 1st lock out deadlines for submission from our issuing bank whom is an authorized visa issuer for card design approval, So can see where this issue might of came from.

However, I have immediately contacted my web developers to remove all issues and I will have this document [a cease and desist acknowledgment] signed and returned within 48 hours.

Thank you,
Sam Sharma

b. On or about October 11, 2017, Visa responded to SHARMA's email, and requested that he "advise of the Visa issuing bank you are working with."

c. On or about October 12, 2017, SHARMA responded again via email using the "sam@centra.tech" email account and stated:
"As far as the issuing bank we have an MNDA in place currently. VISA will soon get our information for Card Design approval and

program specs from our future issuing bank in the US." SHARMA signed the email, "Thank you, Sam." Based on my training and experience, I believe SHARMA was claiming that he had a Mutual Non-Disclosure Agreement with the purported issuing bank in this email and that he therefore could not disclose its identity.

d. On or about October 14, 2017, Visa responded to SHARMA's email, noting that Centra Tech was still using the Visa trademark and Visa name in its promotional materials, including in videos in which SHARMA appeared, and reiterated its demand that Centra Tech stop using the Visa name. Visa also repeated its request that SHARMA identify the bank that Centra Tech was "allegedly working with."

e. Based on my conversations with Witness-3, I have learned that, in response to Visa's multiple requests for Centra Tech to identify the Visa card issuing bank with which it purported to have a relationship, neither SHARMA nor anyone at Centra Tech identified such an issuing bank.

25. Based on my conversations with a representative of MasterCard ("Witness-4"), I have learned, in substance and in part, that MasterCard's internal records of licensing agreements and relationships with card-issuing banks and other third parties contains no record of any relationship, either direct or indirect, with Centra Tech.

26. Based on my review of the current version of the Centra Tech Website and a white paper published via the Centra Tech Website, as of March 26, 2018, I have learned that Centra Tech is not currently using the Bancorp, Visa or MasterCard names or logos.

27. As described in paragraph 17.c.vii., above, White Paper-1 represented that Centra Tech held licenses "under categories of Money Transmitter, Sales of Checks, Electronic Money Transfers, and Seller of Payment Instruments," in 38 listed states (the "State Licensing List"). Based on my review, on or about March 12, 2018, of a database maintained by the Nationwide Multistate Licensing System, a financial services industry online registration and licensing database, and my review of certain state licensing databases, I have learned, in substance and in part, that the following states on the State Licensing List have no current record for Centra Tech based on available public searches: Arizona, Connecticut, Delaware, Florida, New Jersey, New York or South Dakota.

"Michael Edwards"

28. As described in paragraph 17.c.viii, above, White Paper-1 listed "Michael Edwards" as Centra Tech's "CEO & Co-Founder." White Paper-1 also included a picture of "Michael Edwards." Based on open source searches of this image, I have learned that the picture of "Michael Edwards" in White Paper-1 is actually a picture associated with an individual by a different name who is a Canadian physiology professor.

29. Based on my review of records provided by the SEC, I have learned, in substance and in part, that, on or about August 3, 2017, a user profile page appeared on LinkedIn, a business- and employment-oriented social networking service that operates via websites and mobile apps, for "Michael Edwards." The LinkedIn page stated that "Michael Edwards" had "launched Centra Tech with the mission to design the world's first multi-blockchain asset debit card" and had managed various aspects of Centra Tech's Centra Card and Centra Wallet programs, including "[e]stablished licensing and partnership terms with Visa & MasterCard." The LinkedIn page also stated that "Michael Edwards" was affiliated with Harvard University.

30. Based on my review of currently-available content on the LinkedIn website, I have learned that the "Michael Edwards" LinkedIn page no longer exists.

31. Based on Internet searches for a "Michael Edwards" who is or was a co-founder or CEO of Centra Tech, I have learned that there is limited information about such an individual. For example, I have found no interviews of "Michael Edwards" in connection with Centra Tech or the Centra Tech ICO, and the name "Michael Edwards" no longer appears on the Centra Tech Website or Centra Tech online promotional materials. Based on the information described above, and based on my training, experience, and participation in this investigation, I believe that a "Michael Edwards" who was at some point "CEO & Co-Founder" of Centra Tech may not exist.

The Centra Tech ICO Investors

32. Based on my training, experience, and participation in this investigation, I have learned that companies like Centra Tech that offer cryptocurrency are required to keep a record of identification information-including names and addresses-of individuals purchasing their cryptocurrency. Based on my review

of records provided by Centra Tech to the SEC, I have learned, in substance and in part, the following:

a. Centra Tech provided a spreadsheet labeled "Centra Token Sale Details" to the SEC. The spreadsheet contains several tabs, including tabs labeled "CentraToken," "CentraSale," and "Centra Token Owner."

b. The CentraToken tab contains information regarding more than 1800 purchases of Centra Tokens from between on or about July 30 to August 26, 2017. Two of the listed investors reside in New York City, New York, within the Southern District of New York.

c. The CentraSale tab contains information regarding more than 1700 purchases of Centra Tokens from between on or about September 19 to September 26, 2017. Three of the listed investors reside in New York City, New York, within the Southern District of New York.

**Extradition Research, Document Destruction,
and International Travel**

33. Based on my discussions with representatives of the SEC, I have learned, in substance and in part, that in or about the fourth quarter of 2017 the SEC issued an initial subpoena to Centra Tech for documents and other information, and that SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, are thus aware of the SEC's investigation.

34. Based on my conversations with an attorney who is employed by a financial regulatory authority ("Witness-5"), I have learned, in substance and in part, the following:

a. Witness-5 knows an attorney who was until recently employed by Centra Tech ("Employee-1").

b. Witness-5 had several telephone conversations and electronic communications with Employee-1 on or about March 29 and 30, 2018.

c. During these communications, Employee-1 told Witness-5 the following, in substance and in part:

i. Employee-1 learned earlier this week that the SEC has been investigating whether Centra Tech has engaged in fraudulent activity.

ii. ROBERT FARKAS, a/k/a "Bob," the defendant, recently asked Employee-1 via email to conduct research regarding foreign extradition laws.

iii. After Employee-1 performed this extradition research and reported the results to FARKAS, FARKAS approached Employee-1 in person and stated, in substance and in part, that he had deleted his email asking Employee-1 to perform this extradition research. Based on FARKAS' demeanor during this interaction and the way in which he made that statement about deleting his email, Employee-1 understood FARKAS to be suggesting that Employee-1 should also delete the copy of that email that Employee-1 had received from FARKAS regarding the extradition research.

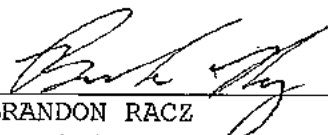
d. Employee-1 has not seen an individual Employee-1 described to Witness-5 as the "owner" of Centra Tech in over a week -- which I believe, based on my training and experience and participation in the investigation of this case, to be a reference to SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant.

e. Employee-1 also learned this week that Centra Tech's bank account has been depleted.

f. Employee-1 conveyed that Centra Tech has terminated virtually all of its employees except certain top executives such as SHARMA and FARKAS.

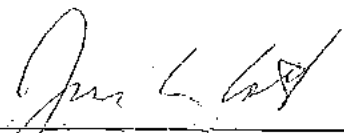
26. Based on my review of records provided by Delta Airlines, I have learned that on or about March 27, 2018, ROBERT FARKAS, a/k/a "Bob," the defendant, booked Delta Airlines flights for himself and a co-traveler whose name I recognize to be the name of an employee at Centra Tech ("Employee-2") to fly from Fort Lauderdale, Florida to Incheon, South Korea via a Delta Airlines flight leaving Fort Lauderdale-Hollywood International Airport in Florida on or about April 1, 2018 at approximately 8:00PM, with a stopover at Hartfield-Jackson Atlanta International Airport in Georgia to catch a connecting Delta Airlines flight that will arrive at Incheon International Airport in South Korea on or about April 2, 2018. According to these records, FARKAS and Employee-2 have also booked return flights that would have them leave from Incheon International Airport in South Korea on or about April 5, 2018 and arrive at Fort Lauderdale-Hollywood International Airport in Florida on or about April 5, 2018.

WHEREFORE, I respectfully request that arrest warrants be issued for SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "Bob," the defendants, and that they be arrested and imprisoned or bailed, as the case may be.



BRANDON RACZ
Special Agent
Federal Bureau of Investigation

Sworn to before me this
31st day of March 2018



HONORABLE JAMES L. COTT
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK

Exhibit C

Exhibit C

Approved: _____

SAMSON ENZER / NEGAR TEKEEI
Assistant United States Attorneys

Before: THE HONORABLE STEWART D. AARON
United States Magistrate Judge
Southern District of New York

18 MAG 3271

UNITED STATES OF AMERICA

SEALED COMPLAINT

- V. -

Violations of

RAYMOND TRAPANI,
a/k/a "Ray,"

15 U.S.C. §§ 78j(b), 78ff;
17 C.F.R. §§ 240.10b-5;
18 U.S.C. §§ 371, 1343, 1349
and 2

Defendant.

COUNTY OF OFFENSES:
New York

SOUTHERN DISTRICT OF NEW YORK, ss.:

BRANDON RACZ, being duly sworn, deposes and says that he is a Special Agent with the Federal Bureau of Investigation and charges as follows:

COUNT ONE(Conspiracy to Commit Securities Fraud)

1. From at least in or about July 2017, up to and including the date of this Complaint, in the Southern District of New York and elsewhere, RAYMOND TRAPANI, a/k/a "Ray," the defendant, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to commit offenses against the United States, to wit, securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5.

2. It was a part and object of the conspiracy that RAYMOND TRAPANI, a/k/a "Ray," the defendant, and others known and unknown, willfully and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce and of the mails, and of the facilities of national securities exchanges, would and did use and employ manipulative and deceptive devices and contrivances in connection with the purchase and sale of

securities, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon persons, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, to wit, TRAPANI and his co-conspirators participated in a scheme to solicit digital funds worth more than \$25 million from purchasers of unregistered securities, in the form of digital currency tokens issued by a startup company called Centra Tech, Inc. ("Centra Tech") as part of a so-called "initial coin offering" or "ICO," through fraudulent misrepresentations and omissions.

Overt Acts

3. In furtherance of the conspiracy and to effect its illegal object, RAYMOND TRAPANI, a/k/a "Ray," the defendant, and others known and unknown, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. In approximately 2017, RAYMOND TRAPANI, a/k/a "Ray," the defendant, and his co-conspirators, Sohrab Sharma, a/k/a "Sam Sharma," and Robert Farkas, a/k/a "RJ," a/k/a "Bob," co-founded Centra Tech, Inc. ("Centra Tech"), a startup company purporting to offer cryptocurrency financial products.

b. In approximately July 2017, Centra Tech was incorporated in Delaware, TRAPANI was appointed as the company's Chief Operating Officer, Sharma was appointed as a Director and the President of the company, and Farkas was appointed as the company's Chief Marketing Officer.

c. In approximately August 2017, TRAPANI and his co-conspirators, Sharma and Farkas, caused Centra Tech to publish a white paper via the internet containing fraudulent misrepresentations and omissions in connection with Centra Tech's unregistered offering to investors of securities, in the form of digital currency tokens issued by Centra Tech.

d. On or about August 28, 2017, after a prospective investor asked Sharma for proof to verify representations that Centra Tech had a contract with a particular investment-venture capital firm, Sharma sent text messages to TRAPANI and Farkas in which Sharma wrote that "I'm worried about getting these guys the

fufu . . . [c]ontract" for the investment firm, "because they can verify it," and that he was going to tell the prospective investor that "I'm gonna say our [Non-Disclosure Agreement] is very tight," "We can't share the contract." In response, TRAPANI wrote "Get any worry out of your mind your a fucking closer," and Farkas wrote "Dance," "Do what you do."

e. TRAPANI was featured in a promotional video for Centra Tech containing false representations that was available to the public via the internet as of on or about September 22, 2017 but has since been removed from the internet. During a group text message conversation on or about September 22, 2017 among TRAPANI and his co-conspirators, Sharma and Farkas, about removing the video from the internet, Sharma wrote "[t]ake it off," "I don't wanna get sued."

f. On or about September 29, 2017, during a group text message conversation among TRAPANI and his co-conspirators, Sharma and Farkas, Sharma asked TRAPANI, in substance and in part, to have Centra Tech's white paper taken down from its website because it contained false statements. TRAPANI responded "I think we should have white paper up but maybe just take it down and reword it." SHARMA replied "'I rather cut any fufu," "Off right own," "Now," "Then worry," "Anything that doesn't exist current," "We need to remove," "Have them do it asap."

g. On or about October 5, 2017, while TRAPANI was in New York, New York to surrender in a criminal case in which he had been indicted for perjury (and was later convicted by way of his guilty plea), TRAPANI exchanged text messages with other employees of Centra Tech concerning a site-visit at Centra Tech's headquarters by an individual who was "trying to make sure Centra is real."

h. On or about November 28, 2017, Farkas, one of TRAPANI's co-conspirators, attended a blockchain technology conference in New York, New York, on behalf of Centra Tech, a sponsor of the conference, for the purpose of promoting Centra Tech and its products.

(Title 18, United States Code, Section 371.)

COUNT TWO
(Securities Fraud)

4. From at least in or about July 2017, up to and including the date of this Complaint, in the Southern District of New York

and elsewhere, RAYMOND TRAPANI, a/k/a "Ray," the defendant, and others known and unknown, willfully and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce and of the mails, and of the facilities of national securities exchanges, used and employed manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon persons, to wit, TRAPANI and his co-conspirators participated in a scheme to solicit digital funds worth more than \$25 million from purchasers of unregistered securities, in the form of digital currency tokens issued by Centra Tech as part of its initial coin offering, through fraudulent misrepresentations and omissions.

(Title 15, United States Code, Sections 78j(b) & 78ff;
Title 17, Code of Federal Regulations, Sections 240.10b-5; and
Title 18, United States Code, Section 2.)

COUNT THREE
(Conspiracy to Commit Wire Fraud)

5. From at least in or about July 2017, up to and including the date of this Complaint, in the Southern District of New York and elsewhere, RAYMOND TRAPANI, a/k/a "Ray," the defendant, and others known and unknown, willfully and knowingly combined, conspired, confederated, and agreed together and with each other to commit offenses against the United States, to wit, wire fraud, in violation of Title 18, United States Code, Section 1343.

6. It was a part and an object of the conspiracy that RAYMOND TRAPANI, a/k/a "Ray," the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, would and did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343, to wit, TRAPANI and his co-conspirators participated in a scheme to solicit digital assets worth more than \$25 million from purchasers of unregistered

securities, in the form of digital currency tokens issued by Centra Tech as part of its initial coin offering, through fraudulent misrepresentations and omissions, and employed the use of telephones, email communications, and other wire communications in connection with the scheme.

(Title 18, United States Code, Section 1349.)

COUNT FOUR
(Wire Fraud)

7. From at least in or about July 2017, up to and including the date of this Complaint, in the Southern District of New York and elsewhere, RAYMOND TRAPANI, a/k/a "Ray," the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, and attempting to do so, did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, TRAPANI and his co-conspirators participated in a scheme to solicit digital assets worth more than \$25 million from purchasers of unregistered securities, in the form of digital currency tokens issued by Centra Tech as part of its initial coin offering, through fraudulent misrepresentations and omissions, and employed the use of telephones, email communications, and other wire communications in connection with the scheme.

(Title 18, United States Code, Section 1343 and 2.)

The bases for my knowledge and for the foregoing charges are, in part, as follows:

8. I have been a Special Agent with the Federal Bureau of Investigation ("FBI") for approximately two and a half years. I am currently assigned to an FBI squad that investigates white collar crimes, including complex financial frauds and conduct within the regulatory jurisdiction of the United States Securities and Exchange Commission ("SEC"). I have participated in investigations of such offenses, and have made and participated in arrests of individuals who have committed such offenses.

9. I am one of the case agents from the FBI's New York Field Office with primary responsibility for the criminal investigation in this matter of the co-founders of a company called Centra Tech, Inc., including RAYMOND TRAPANI, a/k/a "Ray," the defendant

charged by this criminal complaint (this "Complaint"), and Sohrab Sharma, a/k/a "Sam Sharma," and Robert Farkas, a/k/a "RJ," a/k/a "Bob" (hereinafter, the "co-conspirators"), both of whom were charged as defendants in a prior criminal complaint, numbered 18 Mag. 2695, that was approved on March 31, 2018 by United States Magistrate Judge James L. Cott in the Southern District of New York (the "Prior Complaint") and is incorporated by reference as though fully set forth herein. The information contained in this Complaint is based upon my personal knowledge, as well as information obtained during this criminal investigation, directly or indirectly, from other sources, including, but not limited to: (a) business records and other documents, such as records of electronic communications, including email communications and text messages; ~~(b) publicly available information and documents,~~ including information and documents that have been disseminated to the public via the internet; (c) conversations with, and reports of interviews with, non-law-enforcement witnesses; (d) conversations with, and reports prepared by, other law enforcement agents; and (e) conversations with representatives of the SEC concerning information, documents, and other evidence gathered by the SEC as part of a parallel investigation by the SEC of Centra Tech, Inc. and its co-founders. Because this Complaint is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions and statements of and conversations with others are reported herein, they are reported in substance and in part. Where figures, calculations, and dates are set forth herein, they are approximate, unless stated otherwise.

RELEVANT BACKGROUND

A. Centra Tech and its Co-Founders

10. I have reviewed publicly available information about Centra Tech, Inc. ("Centra Tech") and its co-founders, and documents produced by Centra Tech to the SEC in connection with the SEC's parallel investigation of Centra Tech and its co-founders, including Centra Tech's certification of incorporation and documents memorializing actions taken by written consent of Centra Tech's board of directors. Based on my review of those materials and my participation in the investigation of this case, I have learned the following, in substance and in part:

a. Centra Tech was incorporated on or about July 27, 2017 in Delaware and was headquartered in Miami Beach, Florida.

b. Centra Tech and its co-founders advertised Centra Tech primarily through internet-based marketing, including via the company's website, <https://centra.tech> (the "Centra Tech Website"), as well as press releases, white papers, social media postings on social media websites such as Twitter and Facebook, promotional videos posted on YouTube's website, internet podcast interviews, and other materials containing solicitations and statements that were disseminated to the public via the internet.

c. As explained below, Centra Tech made various representations portraying itself as a company that offered various cryptocurrency-related products such as, for example, a ~~purported Centra Tech debit card that supposedly allowed users to spend cryptocurrencies such as "Bitcoin" and "Ether" to make purchases in real-time at various stores and other establishments that were part of the networks of merchant locations that accept Visa-payment cards and Mastercard-payment cards.~~

d. Centra Tech and its co-founders raised digital assets worth more than \$25 million from investors through a so-called "initial coin offering" to investors of unregistered securities, in the form of digital tokens issued by Centra Tech, known as "Centra tokens" or "CTR tokens," that have since been traded on various cryptocurrency exchanges. This "initial coin offering" or "ICO" took place during the period from approximately on or about July 30, 2017 through on or about October 5, 2017.

11. As set forth below, Centra Tech's co-founders include RAYMOND TRAPANI, a/k/a "Ray," the defendant, as well as his co-conspirators, Sohrab Sharma, a/k/a "Sam Sharma," and Robert Farkas, a/k/a "RJ," a/k/a "Bob." Based on my review of publicly available information about Centra Tech and its co-founders, documents that Centra Tech has produced to the SEC, documents and other materials provided by the District Attorney's Office of New York County ("DANY"), and criminal history records of TRAPANI, Sharma and Farkas, I have learned following, in substance and in part:

a. ~~TRAPANI, who is now 27 years old, was a co-founder of Centra Tech. TRAPANI served as Centra Tech's Chief Operating Officer until in or about late October 2017. According to TRAPANI's profile on a professional networking website that was available to the public via the internet in 2017, TRAPANI reportedly worked as the Chief Executive Officer of a luxury car rental company called "Miami Exotics" in Florida (among other jobs) before co-founding Centra Tech.~~

b. Sharma, who is now 27-years old, was also a co-founder of Centra Tech. Sharma served in various roles at Centra Tech, including as a Director of Centra Tech and as Centra Tech's President and Chief Technology Officer until approximately late October 2017. According to Sharma's profile on a professional networking website that was available to the public via the internet in 2017, Sharma reportedly worked as the Director of Finance at Miami Exotics in Florida (among other jobs) before co-founding Centra Tech.

c. Farkas, who is now 31 years old, was another co-founder of Centra Tech. Farkas served in various roles at Centra Tech, including as Centra Tech's Chief Marketing Officer until ~~approximately late October 2017. Since late October 2017, Farkas~~ has served in various roles at Centra Tech, including as a Director and as the Chief Operating Officer of Centra Tech. According to a *Business Insider* article that was published on the internet on or about November 7, 2017, Farkas served as a Vice President of Miami Exotics in Florida before co-founding Centra Tech.

d. During the ICO from on or about July 30, 2017 through on or about October 5, 2017, in which Centra Tech raised more than \$25 million worth of digital assets from investors, a New York County Grand Jury returned an indictment on or about September 19, 2017 charging Sharma and TRAPANI with committing perjury in the first degree, a class D felony in violation of Section 210.15 of the New York Penal Law. This perjury indictment charged Sharma and TRAPANI with giving materially false testimony under oath in July 2017 as defense witnesses for Sharma in a criminal trial before New York County Criminal Court Judge Steven M. Statsinger in which Sharma was being prosecuted by DANY for driving while intoxicated in March 2016. Based on that perjury indictment, Sharma was arrested and TRAPANI surrendered in or about October 2017, and both were subsequently released from state custody (Sharma on bail, and TRAPANI on his own recognizance). For lying under oath in that criminal trial, both Sharma and TRAPANI pleaded guilty on or about February 21, 2018 in New York County Supreme Court to perjury in the first degree.

e. On or about October 27, 2017, the *New York Times* published an article about Centra Tech and its co-founders on the internet raising questions about their qualifications and the accuracy of their representations to investors, and reporting that "For now, the bigger problem facing Mr. Sharma and Mr. Trapani is the perjury indictment by a Manhattan grand jury [unsealed] on Oct. 5, just a few days after Centra finished fund-raising" in the company's ICO.

f. On or about October 27, 2017, Sharma signed corporate resolutions: (a) removing himself from his positions as a Director and President of Centra Tech; (b) appointing TRAPANI's grandfather, William Hagner, as a Director and President of Centra Tech; and (c) appointing Farkas as a director of Centra Tech and as corporate secretary and treasurer of Centra Tech with full authority to control the company bank accounts. On or about October 31, 2017, Farkas was also appointed as the Chief Operating Officer of Centra Tech.

g. On or about October 31, 2017, Centra Tech issued a ~~public statement via the internet stating, in relevant part, that~~ "Co-Founders Sam Sharma and Ray Trapani are stepping aside to support the continued growth of the Company," and "to further their vision, the reconstituted Executive Management team includes," "William Hagner as President" and "Robert Farkas as Chief Operating Officer," among others.

B. Entities with which Centra Tech Claimed to Have Partnerships

12. Based on my review of publicly available information about the entities described below, documents that Centra Tech has produced to the SEC, my interviews of several representatives of the entities described below, and my conversations with representatives of the SEC about their interviews of representatives of the entities described below, I have learned the following, in substance and in part:

a. The Bancorp, Inc. ("Bancorp") is a Delaware-based financial services company with offices throughout the United States. Bancorp provides a variety of financial services to companies and individuals, including issuing debit and prepaid cards, and payments processing, which it does by virtue of contractual partnerships with other financial services companies such as Visa and Mastercard, among others.

b. Visa Inc. ("Visa") is a multinational financial services corporation headquartered in Foster City, California. Visa facilitates electronic funds transfers throughout the world, most commonly through "Visa"-branded credit cards and debit cards.

c. Mastercard Incorporated ("Mastercard") is a multinational financial services corporation headquartered in Purchase, New York. Mastercard's principal business is to process payments between the banks of merchants and the card issuing banks

or credit unions of the purchasers who use "Mastercard"-branded debit and credit cards to make purchases.

C. Relevant Regulatory Background

13. Based on my training and experience and my participation in the investigation of this case, I have learned the following, in substance and in part:

a. An "initial coin offering" or "ICO" is a type of fundraising event in which an entity offers participants a unique digital "coin" or "token" in exchange for consideration. The consideration often comes in the form of "digital currency" or ~~"cryptocurrency," but can also be "fiat currency,"~~ which is currency, like the U.S. dollar and the Euro, that a government has declared to be legal tender, but is not backed by a physical commodity. "Digital currency" or "cryptocurrency" is a digital representation of value that can be digitally traded and functions as (1) a medium of exchange, (2) a unit of account, or (3) a store of value, but does not have legal tender status. Unlike fiat currency, such as the U.S. dollar and the Euro, digital currency is not issued by any jurisdiction and functions only by agreement within the community of users of that particular currency. Examples of digital currencies are "Bitcoin" and "Ether," both of which are issued and distributed on their own "blockchains." A "blockchain" is a digitalized, decentralized, cryptographically-secured ledger that allows market participants to keep track of digital currency transactions without central recordkeeping.

b. The tokens or coins issued in an ICO are issued and distributed on a blockchain. Tokens often are also listed and traded on online platforms, typically called digital currency exchanges, and they usually trade for other assets. Often, tokens are listed and tradeable immediately after they are issued.

c. ICOs are typically announced and promoted through the internet and email. Issuers usually release a "white paper" describing the project and the terms of the ICO. In order to participate in the ICO, investors are generally required to transfer funds to the issuer. After the completion of the ICO, ~~the issuer will distribute its unique "coin" or "token" to the~~ participants. The tokens may entitle the holders to certain rights related to a venture underlying the ICO, such as rights to profits, shares of assets, rights to use certain services provided by the issuer, or voting rights. These tokens may also be listed on online digital currency exchanges and be tradable for digital currencies.

d. Under Section 2(a)(1) of the Securities Act of 1933, a security includes "an investment contract." 15 U.S.C. § 77b. An "investment contract" is a contract, transaction or scheme "whereby a person invests his money in a common enterprise and is led to expect profits solely from the efforts of the promoter or a third party." *S.E.C. v. W.J. Howey Co.*, 328 U.S. 293, 298-99 (1946). "The test is whether the scheme involves an investment of money in a common enterprise with profits to come solely from the efforts of others." *Id.* at 301. Importantly, the economic realities of the transaction or product and not its name determine whether the instrument is a security. *United Hous. Found, Inc. v. Forman*, 421 U.S. 837, 851 (1975). Pursuant to ~~Sections 5(a) and 5(c) of the Securities Act, a company or individual conducting an offer or sale of securities to the public~~ must file a registration statement with the SEC. 15 U.S.C. § 77e(a) and (c).

OVERVIEW OF THE SCHEME TO DEFRAUD

14. Based on the facts detailed below, there is probable cause to believe that RAYMOND TRAPANI, a/k/a "Ray," the defendant, and his co-conspirators, Sohrab Sharma, a/k/a "Sam Sharma," and Robert Farkas, a/k/a "Bob," solicited digital assets worth more than \$25 million from investors who purchased unregistered securities issued by Centra Tech (in the form of digital tokens issued by Centra Tech), through the use of material misrepresentations and omissions. For example, as shown below, in soliciting such investments:

a. Through Centra Tech, TRAPANI as well as Sharma and Farkas claimed to investors that its executive team included two purported senior executives named "Michael Edwards" and "Jessica Robinson" who supposedly had impressive work histories and academic credentials, and TRAPANI claimed that he had earned a master's degree from the University of California at Los Angeles ("UCLA"), which has one of the top-ranked graduate business schools in the country. In fact, as shown below, neither "Michael Edwards" nor "Jessica Robinson" is a real person, and TRAPANI never attended UCLA's graduate school of business.

b. Through Centra Tech, TRAPANI as well as Sharma and Farkas claimed to investors that Centra Tech had developed a debit card that enabled users to use currencies to make purchases at any stores that accept Visa or Mastercard, and that Centra Tech had partnerships with Bancorp, Visa, and Mastercard to issue Centra Tech debit cards. In fact, as shown below, Centra Tech had no such partnerships with Bancorp, Visa or Mastercard.

CENTRA'S UNREGISTERED SECURITIES OFFERING STYLED AS AN "ICO"

15. Based on my review of publicly available information and documents that Centra Tech has produced to the SEC, I have learned the following, in substance and in part:

a. From on or about July 30, 2017 through on or about October 5, 2017, Centra Tech raised funds from investors, in the form of digital currency worth more than \$25 million, via an ICO for the purported purpose of enabling Centra Tech to operate what Centra Tech advertised would be the world's first multi-blockchain debit card.

b. During this ICO, Centra Tech accepted digital currency from investors in exchange for "Centra tokens" (also known as "CTR tokens" or "CTRs") that could be traded, or exchanged, on various digital currency exchanges. In offering these Centra tokens to investors during the ICO in one of the white papers issued by the company, Centra Tech stated that the Centra tokens could be "exchange[d] . . . on the Cryptocurrency exchanges for a profit" and that the purchase of these Centra tokens would "allow[] users to join [Centra Tech's] success and mission while generating a profit." (Emphasis added).

c. As shown below, in doing so, Centra Tech made multiple false statements, including on the Centra Tech Website and in materials posted to the Centra Tech Website, regarding, among other things, (a) the identities and qualifications of Centra Tech's team of executives; and (b) the "Centra Card" or "Centra Debit Card," a debit card that was falsely advertised as one that would allow users to make purchases using cryptocurrency at any establishment that accepted Visa or Mastercard as a result of Centra Tech's purported partnerships with Bancorp, Visa, and Mastercard.

16. Based on my review of publicly available information, documents that Centra Tech has produced to the SEC, and documents gathered by the SEC in connection with the SEC's parallel investigation, among other sources, I have learned the following, in substance and in part:

a. On or about July 23, 2017, Centra Tech issued a press release that it paid to be published on the website "cointelegraph.com" (the "July 23 Press Release"). In the July 23 Press Release, Centra Tech described Centra Tech's ICO as "truly a ground floor opportunity to be part of a global solution to the blockchain currency dilemma that offers a comprehensive rewards

program for both token and card holders while giving the ability to spend your cryptocurrency in real time with no fees." The July 23 Press Release also touted Centra Tech's products: (1) the "Centra Debit Card" which purported to "enable[] users to make purchases using their blockchain currency of choice," and "work[] anywhere that accepts Visa or MasterCard," (2) the "Centra Wallet App," which "makes it easy for people to register for the Centra Debit Card, store their cryptocurrency assets, as well as control its functions," and (3) "cBay," the "world's first Amazon type of marketplace created especially for cryptocurrency acceptance." The July 23 Press Release also advertised Centra Tech's "Currency Conversion Engine" as allowing users "the ability to spend their assets anywhere in the world that accepts Visa and/or MasterCard."

b. Centra Tech also posted several different versions of a white paper advertising Centra Tech's ICO on the Centra Tech Website. I have reviewed a version of the ICO White Paper, labeled "FINAL DRAFT," that was downloaded from the Centra Tech Website on or about August 3, 2017 ("White Paper-1"). The White Paper-1 contained several statements describing the ICO and the Centra Card using terminology indicative of a securities offering. For example:

i. The White Paper-1 described Centra Tech's ICO as a token offering for which 400 Centra tokens, or "CTRs," would be sold for one "ETH." Based on my training, experience, and participation in this investigation, I have learned that "ETH" is the currency code for "Ether," a digital currency whose blockchain is generated by the Ethereum platform.

ii. In the White Paper-1, Centra Tech stated that it would be offering "68% of all [Centra] Tokens to be created for purchase in our crowd sale to the public" and would "allocate 20% of all [Centra] Tokens created to distribution of bug bounty, business development, community projects, market expansion, and more" while "[t]he remaining 12% will be distributed to Centra Techs founders, early investors, and employees as an incentive to create a long lasting mutual interest and dedication to the tokens and their prolonged value."

iii. In providing details about the Centra Card and the Centra Tech ICO, the White Paper-1 referenced different levels of investment opportunity:

1. The "Centra Black Card founders edition" was to be issued to "our first 500 ICO backers whom purchase

with 100+ ETH" and would carry with it an "enhanced rewards program."

2. The "Centra Gold Card limited edition" would be "allocated to our first 1000 contributors whom purchase CTR Tokens with 30+ ETH," and would also carry an "enhanced rewards program."

3. The "Centra Blue & Virtual Card" would be the "signature and traditional card."

iv. The White Paper-1 advertised multiple "rewards" programs for Centra Token holders. For example, the White Paper-1 advertised that Centra Token holders would receive a ".8% ETH" reward for every transaction in the "network" (the "Network Rewards Program"). This was in contrast to another rewards program advertised in White Paper-1, which offered "Card rewards of up to 2% of your purchases made on the Centra card." In addition, I have reviewed a recording of an interview of Sohrab Sharma, a/k/a "Sam Sharma," one of the co-founders of Centra Tech, on an internet radio podcast on or about August 14, 2017 in which Sharma represented that "through our revenue share we actually give .8 percent of that away to token holders as part of our program to join the Centra Tokens."¹ Based on those sources, I believe that Centra Tech portrayed its Network Rewards Program as functioning like a dividend, in that it offered a share — .8% ETH — of Centra Tech's revenue.

v. Although Centra Tech claimed that holders of the Centra Token "by no means own any securities or interest in Centra Tech," and that the Centra tokens "are not securities nor shares," the White Paper-1 promised that Centra Token purchasers would "be able to place their wallet to use on Centra Debit card, or exchange them [the Centra Tokens] on the Cryptocurrency exchanges for a profit." The White Paper-1 also claimed that the Centra Card and Centra Wallet were "already live in beta," and that Centra Tech was "offering our initial crowd sale of tokens to appropriately fund the vision of Centra Tech's future." It further claimed that Centra Tech's "initial coin offering allows users to join

¹ The summaries and transcript of the recorded interview set forth herein are based on a preliminary draft transcription and remain subject to revision.

our success and mission while generating a profit." (Emphasis added).

FRAUDULENT REPRESENTATIONS ABOUT CENTRA'S EXECUTIVE TEAM

17. Based on the facts set forth below, there is probable cause to believe that in soliciting assets worth millions of dollars for the purchase of digital tokens issued by Centra Tech, RAYMOND TRAPANI, a/k/a "Ray," the defendant, and his co-conspirators, Sohrab Sharma, a/k/a "Sam Sharma," and Robert Farkas, a/k/a "RJ," a/k/a "Bob," made false statements portraying Centra Tech's executive team as a group of experienced professionals with impressive credentials. For example, as shown below, Centra Tech made false statements that its executive team included two purported senior executives named "Michael Edwards" and "Jessica Robinson," who supposedly had impressive work histories and academic credentials, and TRAPANI made false statements representing that he had had earned a master's degree from UCLA's graduate school of business. In fact, as shown below, both "Michael Edwards" and "Jessica Robinson" are fictional people who do not exist, and TRAPANI never attended UCLA's graduate school of business.

18. I have reviewed documents provided by Centra Tech to the SEC, including documents reflecting LinkedIn profiles for RAYMOND TRAPANI, a/k/a "Ray," the defendant, and his co-conspirators, Sohrab Sharma, a/k/a "Sam Sharma," and Robert Farkas, a/k/a "RJ," a/k/a "Bob," that were published at various times on the internet via LinkedIn's website.² I have also reviewed criminal history records of TRAPANI as well as Sharma and Farkas. Based on my review of such documents, I have learned the following, in substance and in part:

² Based on my training and experience and my review of LinkedIn's internet website, I know that LinkedIn is a company that owns and operates a professional networking website of the same name that allows any internet user to establish his or her own account with LinkedIn, which this user can use to create the user's own profile containing his or her photograph and work and educational history, to publish the profile via LinkedIn's website, to connect accounts with and communicate with other LinkedIn users, and to share news articles with other LinkedIn users. If a user creates a publicly-viewable LinkedIn account and profile in his or her own name, the profile will be viewable to anyone with internet access, including, for example, anyone who conducts an internet search for the user's name.

a. During the period from approximately July 30 through October 5, 2017, in which Centra Tech raised funds worth more than \$25 million through its ICO, TRAPANI and Sharma were both 26 years old, and Farkas was 30 years old. As shown above, before they co-founded Centra Tech, TRAPANI as well as Sharma and Farkas had worked as (among other things) executives of a luxury car rental company called Miami Exotics in Florida.

19. During the period from approximately July 30 through October 5, 2017, in which Centra Tech raised funds worth more than \$25 million through its ICO, Centra Tech made the following representations (among others) about the company's executive team:

a. The White Paper-1, which was available to the public via the Centra Tech Website as of on or about August 3, 2017, contained a section entitled "Centra Tech Team" listing: (i) a purported individual named "Michael Edwards" as Centra Tech's "CEO & Co-Founder," along with a supposed picture of "Michael Edwards"; (ii) a purported individual named "Jessica Robinson" as Centra Tech's "CFO," along with a supposed picture of "Jessica Robinson"; (iii) and information about other executives and employees of Centra Tech, including Sohrab Sharma, a/k/a "Sam Sharma," who was listed as Centra Tech's "CTO & Co-Founder," RAYMOND TRAPANI, a/k/a "Ray," who was listed as Centra Tech's "COO," and Robert Farkas, a/k/a "RJ," a/k/a "Bob," who was listed as Centra Tech's "CMO."³

b. On or about August 14, 2017, Sharma was interviewed by Neocash Radio, a cryptocurrency podcast that broadcasts its radio show via the internet, about Centra Tech's ICO. Based on my

³ Although the White Paper-1 listed TRAPANI as the "COO" of Centra Tech with an accompanying photograph, the person featured in that photograph was someone other than TRAPANI. I have become familiar with TRAPANI's physical appearance from reviewing various photographs of him, including a photograph taken of TRAPANI following a prior arrest by law enforcement. Based on certain text messages between TRAPANI and Sharma that are quoted below, it appears that TRAPANI's photograph was not included in the White Paper-1 because TRAPANI and Sharma did not have a suitable photograph of TRAPANI when the White Paper-1 was prepared.

review of a recording of the interview,⁴ I have learned that when Sharma was asked during the interview how Centra Tech obtained its startup capital, Sharma stated, among other things, that "we have one private investor, whose actually Mike Edwards" and that Edwards is "also our VP and co-founder" who "put up a lot of the capital originally" to establish Centra Tech.⁵

c. Based on my review of documents that Centra Tech has produced to the SEC, including documents reflecting LinkedIn profiles that were published at various times on the internet via LinkedIn's website, I have the learned the following, in substance and part:

i. ~~During the course of the ICO, LinkedIn~~ profiles were published via the internet for various Centra Tech executives and employees.

ii. According to a LinkedIn profile for "Michael Edwards" that was available to the public via the internet as of on or about August 3, 2017, "Michael Edwards" earned a master's in business administration from Harvard University, had more than 20 years of experience in the banking industry as a financial analyst at Bank of America (1993 through 2001), a vice president at Chase (2001 through 2011) and a senior vice president at Wells Fargo (2011 through 2016), and was the "CEO & Co-Founder of Centra Tech" and where he had worked since May 2016 and had "[e]stablished licensing and partnership terms with Visa & Mastercard," among other accomplishments.

iii. According to a LinkedIn profile for "Jessica Robinson" that was available to the public via the internet as of in or about August 2017, "Jessica Robinson" had close to five years of experience as the Chief Financial Officer of Johnson Communications before becoming the Chief Financial Officer of Centra Tech, where she had worked since December

⁴ The summaries and transcript of the recorded interview set forth herein is based on a preliminary draft transcription and remains subject to revision.

⁵ During the interview, Sharma directed listeners to the Centra Tech website, www.centra.tech, to find out more about the Centra Tech ICO: "You can go to our website, www.centra.tech, and you can click the token sale page as well as our white paper is on there and you can just get an insight of everything from A to Z."

2016 and had "[c]reated the partnership between Centra and a Major US Bank."

iv. According to a LinkedIn profile for RAYMOND TRAPANI, a/k/a "Ray," the defendant, TRAPANI had earned a master's degree in "Operations Management and Supervision" from UCLA in 2015.

20. Based on the facts set forth below, there is probable cause to believe that "Michael Edwards" and "Jessica Robinson" of Centra Tech are not real people, that RAYMOND TRAPANI, a/k/a "Ray," the defendant, did not earn a master's degree from UCLA's graduate school of business, and that TRAPANI and his co-conspirators, ~~Sohrab Sharma, a/k/a "Sam Sharma," and Robert Farkas, a/k/a "RJ,"~~ a/k/a "Bob," were well aware of these facts:

a. Based on open source internet searches, I have learned that the photograph of "Michael Edwards" in the White Paper-1 that purportedly was the "CEO & Co-Founder" of Centra Tech was actually a photograph of an individual by a different name who is a Canadian physiology professor with no business relationship with Centra Tech. Based on my review of an article about Centra Tech that was published on the internet in early August 2017 by an online blogger, I know that the author of this article also made this observation about a photograph of "Michael Edwards" that had been published by Centra Tech. According to a subsequent *New York Times* article, "[t]he first cracks" in Centra Tech's ICO "appeared in early August" 2017, when that online blogger "wrote on his blog that Mr. Edwards appeared to be made up," in response to which "Centra initially threatened to sue [the blogger] but then said the bad profiles were the result of freelancers who had hastily put together the company's marketing material." (As shown below, in responding to a cease-and-desist notice from Bancorp demanding that Centra Tech remove all unauthorized references to Bancorp from Centra Tech's marketing materials, Sharma suggested in a text message to TRAPANI and Farkas that "We gotta get that shit removed everywhere and blame freelancers lol.")

b. ~~Based on my review of publicly available~~ information about Centra Tech, including my review of the results of internet searches for a "Michael Edwards" who is or was the CEO of Centra Tech and a "Jessica Robinson" who is or was the CFO of Centra Tech, I have learned that photographs and profiles of "Michael Edwards" and "Jessica Robinson" no longer appear on the Centra Tech Website or the version of Centra Tech's white paper that is currently available on the Centra Tech Website, and the

LinkedIn profiles for "Michael Edwards" and "Jessica Robinson" of Centra Tech appear to have been deleted.

c. On or about April 16, 2018, the Government requested that the National Student Clearinghouse ("NSC"), a service that maintains an up-to-date database of graduation data for thousands of post-secondary educational institutions including UCLA, perform a search of its database to verify whether any student by the name of "Raymond Trapani" with the date of birth listed for TRAPANI in his criminal history records had ever earned a master's degree from UCLA. Based on my review of the results of this search, the NSC has reported that the NSC was informed by UCLA that UCLA has no record of anyone with that name and birthday ever having earned a master's degree from UCLA, and that the NSC was unable to verify a degree for this individual based the information provided to the NSC during the search.⁶ In addition, based on information provided by the SEC, I have learned that on or about April 17, 2018, the SEC was informed by an employee of UCLA's registrar's office that UCLA does not offer a master's degree in "Operations Management and Supervision" (which is the type of master's degree that TRAPANI claimed to have earned from UCLA in the LinkedIn profile referenced above).

d. Based on my review of text messages and other data found in a cellphone that was recovered from TRAPANI in October 2017 (the "TRAPANI Cellphone"),⁷ I have learned the following, in substance and part:

⁶ According to the search results provided by the NSC, "[p]ossible reasons" for why the NSC was "unable to verify a degree for this individual" include, among other things, that "[t]he individual never received a degree from the selected school," "[t]he individual never enrolled," and "[t]he individual has chosen to keep his or her student records private."

⁷ Based on my conversations with other law enforcement officials and my review of documents provided by DANY, I have learned, in substance and in part, the following. The TRAPANI Cellphone was recovered from TRAPANI following his surrender on or about October 5, 2017 on the perjury indictment described above. On the date of this surrender, TRAPANI signed a consent form giving DANY and the New York City Police Department his "voluntary consent to a complete search" of the TRAPANI Cellphone, and he also wrote the password to access the TRAPANI Cellphone on the consent form. Pursuant to that consent form, the TRAPANI Cellphone was searched, its contents were copied into an extraction report containing more

i. On or about July 29, 2017, TRAPANI, via the TRAPANI Cellphone, received several text messages from Sharma, via a cellphone with a call number ending with "3138" (the "SHARMA Cellphone-1"),⁸ concerning photographs of Centra Tech's team of executives and employees, including several text messages about Centra Tech's purported Chief Executive Officer "Michael Edwards" and supposed Chief Financial Officer "Jessica Robinson." Each of these text messages was viewed by the user of the TRAPANI Cellphone, according to data recovered from the TRAPANI Cellphone. These text messages were as follows:

1. On or about July 29, 2017, starting at approximately 1:18PM, Sharma sent text messages to TRAPANI in which Sharma wrote: "Yo," "Still need a pic asap," "Just any pic without a chain," "Put a polo," "Yea," "And take a good selfie," "Bro it doesn't matter," "Just do it," "No ones gonna care about your cut," and "This pic looks horrible," following which Sharma sent a photograph of TRAPANI accompanied by the name "Raymond Trapani" and the title "COO."

2. After sending that photograph, starting at approximately 2:11PM on or about July 29, 2017, Sharma sent text messages to TRAPANI in which Sharma wrote: "Need a better one asap," "Open your eyes," "Lol," "Put a polo on dude," "This is a million dollar project,"

than 14,000 pages of materials, and the TRAPANI Cellphone was returned to TRAPANI. I have reviewed the extraction report documentation generated as result of this consensual search. The dates and times of particular text messages reported in this Complaint as they appear in the extraction report, without conversion to eastern standard time.

⁸ Based on my review of the contact information stored in the TRAPANI Cellphone, I know that the call number for the SHARMA Cellphone-1 is identified as that of "Sam Ny," and from my participation in this investigation, I know that "Sam" is one of the aliases of Sohrab Sharma, a/k/a "Sam Sharma," and that Sharma used to live in New York. In addition, I have reviewed documents that Centra Tech has produced to the SEC, including an email chain from August 2017 in which Sharma identified the call number for the SHARMA Cellphone-1 as his cellphone number.

"I'm labeling you the COO," "Gotta look the part," "Put gel in," "I'll photoshop your shit."

3. Starting at approximately 2:45PM on or about July 29, 2017, Sharma sent text messages to TRAPANI in which Sharma wrote: "Need to find someone who looks like Michael," "Team photos," "He's real lol," "Everyone real," "Except Jessica," "And Mike."

4. Starting at approximately 7:12PM on or about July 29, 2017, Sharma sent text messages to TRAPANI in which Sharma wrote: "Gonna kill both Ceo and her," "Gonna say they were married and got into an accident."

ii. On or about July 29, 2017, Sharma, via the SHARMA Cellphone-1, also sent the following text messages to TRAPANI, via the TRAPANI Cellphone, each of which was viewed by the user of the TRAPANI Cellphone, according to data recovered from the TRAPANI Cellphone:

1. Starting at approximately 1:48AM on or about July 29, 2017, Sharma sent text messages to TRAPANI in which Sharma wrote: "Send me a good selfie of yourself," "Gonna put you on the site," "Centra blowing up," "I need to put real photos on there," "Of the 'team,'" "Just a good pic it gets edited," "My guy doing all the photos now."

2. Starting at approximately 1:52AM on or about July 29, 2017, Sharma sent text messages to TRAPANI in which Sharma wrote: "I had fufu people on there," "And I been getting called out," "So gonna get it corrected," "Lol," "Lol," "Lol," "Just send me a pic lol." (Based on my review of the results of open source internet searches, my participation in this investigation, and my training and experience, I understand the term "fufu" to be slang for "fake.")

3. Starting at approximately 1:59AM on or about July 29, 2017, Sharma sent text messages to TRAPANI in which Sharma wrote: "Someone's gonna be like wtf," "I had one guy literally go through every single little detail," "I just rather cover all tracks now."

4. Starting at approximately 2:03AM on or about July 29, 2017, Sharma sent text messages to TRAPANI in which Sharma wrote: "This is gonna pop," "I got 60

black card orders lol," "That's like almost a mill right there," "I paid already," "Before ICO even went live . . . Internet can be skeptical," "That's why I need to make it as real as possible," "Can't run it on fufu," "Even tho I'm all reality."

5. Starting at approximately 2:05AM on or about July 29, 2017, Sharma sent text messages to TRAPANI in which Sharma wrote: "But it's coming to that point," "Where people wanna see whose behind the project," "I had one girl contact me lol," "And said take my picture off your site," "Cause one of her friends saw it cause it's blowing up," "Dead ass od funny," "I kept saying it was an honest mistake."

6. Starting at approximately 2:05AM on or about July 29, 2017, Sharma sent text messages to TRAPANI in which Sharma wrote: "U know anyone," "That looks like this guy," following which Sharma sent a photograph of "Michael Edwards" (which I recognize to be the same photograph of "Michael Edwards" that was included in the White Paper-1) accompanied by the name "Michael Edwards" and the title "CEO & Co-Founder." Sharma then wrote "I need someone who kind looks like him," "I can't just change him now," "People are gonna be like wtf."

iii. On or about July 30, 2017, Sharma, via the SHARMA Cellphone-1, sent several text messages to TRAPANI, via the TRAPANI Cellphone, concerning setting up a LinkedIn profile for TRAPANI. Each of these text messages was viewed by the user of the TRAPANI Cellphone, according to data recovered from the TRAPANI Cellphone. These text messages were as follows:

1. On or about July 30, 2017, starting at approximately 12:40AM, Sharma sent text messages to TRAPANI in which Sharma wrote: "Go make a linked in," "And add as many connections as you can," "Add yourself to centra tech," "As Coe," "And add connections," "Google," "Coe linked in profiles," "And get all the info," "Put precious jobs," "Like banks etc."

2. Starting at approximately 1:39AM on or about July 30, 2017, Sharma sent text messages to TRAPANI in which Sharma wrote: "December," "2016," "Take Harvard out," "Do Like university of Georgia," "It would too

suspect everyone from hRvard,"⁹ "Add a construction company prior."¹⁰

iv. On or about September 13 and 14, 2017, TRAPANI, via the TRAPANI Cellphone-1, participated in a group text message conversation with Sharma, via the SHARMA Cellphone-1, and Farkas, via a cellphone with a call number ending with "6826" (the "FARKAS Cellphone-1"),¹¹ while Sharma was on a business trip for the purpose of soliciting investments in Centra Tech from a company called Bitsset.¹² The user of the TRAPANI Cellphone viewed all of the text messages received in this conversation, according to data recovered from the TRAPANI cellphone. During this group conversation, starting at approximately 12:10AM on or about September 14, 2017, TRAPANI sent a text message to Sharma and Farkas in which TRAPANI wrote "Just gotta close this shit with Bitsset get that ETH," and Sharma responded "We need to remove mike Edwards and "Jessica asap," "After ICO."

⁹ Throughout this Complaint, this and other misspellings in text messages recovered from the TRAPANI Cellphone have been quoted without correction unless otherwise noted.

¹⁰ According to a LinkedIn profile for TRAPANI that was available to the public via the internet as of in or about August 2017, TRAPANI reportedly started working as "COO" at Centra Tech in December 2016 and prior to that worked as a general foreman at "one of the largest construction companies in the US."

¹¹ Based on my review of the contact information stored in the TRAPANI Cellphone, I know that the call number for the FARKAS Cellphone-1 is identified as that of "RJ," and from my participation in this investigation, I know that "RJ" is one of the aliases of Robert Farkas, a/k/a "RJ," a/k/a "Bob." In addition, I have reviewed documents that Centra Tech has produced to the SEC, including a merchant application dated September 26, 2017 listing mobile cellphone numbers for several Centra Tech employees, including "Robert Farkas," and identifying the call number for the FARKAS Cellphone-1 as Farkas' cellphone number.

¹² Based on my review of publicly available information about Centra Tech, my conversations with representatives of the SEC, and my participation in this investigation, I have learned that Bitsett later invested approximately 40,000 Ether units for the purchase of digital tokens issued by Centra Tech in its ICO, and that 40,000 Ether units would be worth approximately \$20 million as of on or about April 17, 2018.

FRAUDULENT REPRESENTATIONS ABOUT PURPORTED PARTNERSHIPS

21. Based on the facts set forth below, there is probable cause to believe that in soliciting assets worth millions of dollars for the purchase of digital tokens issued by Centra Tech, RAYMOND TRAPANI, a/k/a "Ray," the defendant, and his co-conspirators, Sohrab Sharma, a/k/a "Sam Sharma," and Robert Farkas, a/k/a "RJ," a/k/a "Bob," made false statements that Centra Tech had developed a debit card (the "Centra Debit Card" or "Centra Card") that allowed users to spend cryptocurrency to make purchases at any establishment that accepts Visa or Mastercard, and that Centra Tech had formed partnerships with Bancorp, Visa, and Mastercard to issue Centra Debit Cards licensed by Visa (for domestic transactions in the United States) and Centra Debit Cards licensed by Mastercard (for international transactions outside of the United States). In fact, as shown below, Centra Tech had no such partnerships with Bancorp, Visa, or Mastercard.

22. During the period from approximately July 30, 2017 through October 5, 2017, in which Centra Tech raised funds worth more than \$25 million through its ICO, Centra Tech made the following representations (among others) about the company's purported partnerships with Bancorp, Visa and Mastercard:

a. Centra Tech's White Paper-1, which was available to the public via the internet as of on or about August 3, 2017, contained various statements touting Centra Tech's claimed partnerships with Bancorp, Visa and Mastercard. For example:

i. The White Paper-1 stated: "With market cap of cryptocurrencies exceeding \$100 billion, the time is ripe to introduce a cryptocurrency-based marketplace where customers can use Centra Debit Card anywhere in the world that accepts Visa."

ii. In describing the Centra Debit Card, the White Paper-1 stated: "For our United States clients the Centra Card will be a Visa card while for international users the Centra card issued will be a MasterCard. The Centra Card allows all supported cryptocurrencies to become spendable in real time based on the government fiat being used at the time the card is used at a participating location that accepts Visa or MasterCard."

iii. The White Paper-1, under a heading entitled "Centra Tech Partners," displayed the logos of Bancorp, Visa and Mastercard.

iv. The White Paper-1 contained a section entitled "Centra Status" stating that "[a]s of July 2017: . . . Worldwide Debit Card Partnership for both United States and International," followed by a diagram containing an image of a Centra Card with a "Visa" logo on it, among other images.

v. The White Paper-1 contained a section entitled "Centra Tech Road Map" with a diagram listing "milestone items" in Centra Tech's development since its formation, including a milestone stating that in January 2017 "Major Banking Partnership signed and license agreement with VISA USA Inc formulated."

vi. The White Paper-1 contained multiple images of a Centra Debit Cards with "Visa" and "Mastercard" logos displayed on the cards next to Centra Tech's own logo — a gold coin with a "C" in the middle.

vii. The White Paper-1 also stated that one benefit of the Centra Debit Card was "Access to 36+ Million Points of Sale where Visa and/or Master-Card is accepted in 200+ countries."

viii. A product comparison table in the White Paper-1 reported that the issuers of the Centra Card were "MasterCard and Visa."

b. Based on my interview of a representative of Bancorp (the "Bancorp Witness-1") and my review of documents provided by Bancorp, I have learned, in substance and in part, that after becoming aware in approximately August 2017 that the Centra Tech Website contained false representations about a purported partnership between Centra Tech and Bancorp, the Bancorp Witness took screenshots of the Centra Tech Website, including a page that misrepresented Bancorp's issuer statement. One screenshot that the Bancorp Witness retained stated, among other things:

The Centra Card Visa Debit Card is issued by
The Bancorp Bank, member FDIC, pursuant to a
license from Visa U.S.A. Inc. "The Bankcorp"¹³
and "The Bancorp Bank" are registered

¹³ This excerpt from the Centra Tech Website has not been altered to correct spelling or other errors. In this excerpt, "Bancorp" is also spelled "Bankcorp."

trademarks of The Bancorp Bank © 2014. Use of the Card is subject to the terms and conditions of the applicable Cardholder Agreement and fee schedule, if any.

The Centra Card Mastercard® Debit Card is issued by The Bancorp Bank, member FDIC, pursuant to a license from Mastercard International Incorporated. "The Bancorp" and "The Bancorp Bank" are registered trademarks of The Bancorp Bank © 2014. Use of the Card is subject to the terms and conditions of the applicable Cardholder Agreement and fee schedule, if any.

c. In his interview on the internet podcast Neocash Radio on or about August 14, 2017, referenced above, Sohrab Sharma, a/k/a "Sam Sharma," stated, among other things, the following about Centra Tech's purported partnerships with Visa and Mastercard for the issuance of Centra Debit Cards: "[I]nternationally, we currently have our license with Mastercard, to service international clients. Domestically, we do have the Visa partnership, so we are able to issue Visa cards domestically and Mastercards internationally."

d. Based on my review of documents that Centra Tech has produced to the SEC, I have learned that on or about October 13, 2017, Farkas, via his email account "rjfarkas6@gmail.com," sent to an email to Sharma, via his email accounts "sam@centra.tech" and "ssharma491@gmail.com," attaching FARKAS' edits to an investor pitch deck dated August 15, 2017, promoting Centra Tech and its ICO. The pitch deck stated, among other things, that: (i) the Centra Card gives users "[a]ccess to more than 36 Million Points of Sale wherever Visa and/or Mastercard is accepted"; (ii) the Centra Card was "issued" by "Mastercard and Visa;" and (iii) Centra in January 2017 had a "Major Banking Partnership and license agreement signed with VISA USA Inc."

~~23. Based on the facts set forth below, there is probable cause to believe that above-described representations by Centra Tech about its purported partnerships with Bancorp, Visa and Mastercard were false:~~

a. Based on my conversations with the Bancorp Witness-1 and another representative of Bancorp (the "Bancorp Witness-2"), and my review of documents provided by Bancorp, I have learned, in substance and in part, that after Bancorp became aware in

approximately August 2017 that Centra Tech had published marketing materials in connection with its ICO claiming that Bancorp had agreed with Centra Tech to issue Centra Debit Cards licensed by Visa and Mastercard, Bancorp researched whether Bancorp had any such relationship with Centra Tech. Through this research, Bancorp confirmed that Bancorp did not have any such relationship with Centra Tech.

b. Based on my conversations with a representative of Visa (the "Visa Witness") and my review of documents provided by Visa, I have learned, in substance and in part, that after Visa became aware in approximately October 2017 that Centra Tech was using the Visa name and logo on marketing materials in connection with the Centra Debit Card and Centra Tech's ICO, Visa researched whether Visa had any relationship, direct or indirect, with Centra Tech. Through this research, Visa determined that Visa had no such relationship with Centra Tech.

c. Based on my conversations with a representative of MasterCard (the "Mastercard Witness"), I have learned, in substance and in part, that MasterCard's internal records of licensing agreements and relationships with card-issuing banks and other third parties contains no record of any relationship, either direct or indirect, with Centra Tech.

24. Based on the facts set forth below, there is probable cause to believe that RAYMOND TRAPANI, a/k/a "Ray," the defendant, and his co-conspirators, Sohrab Sharma, a/k/a "Sam Sharma," and Robert Farkas, a/k/a "RJ," a/k/a "Bob," were well aware that Centra Tech's representations about its purported partnerships with Bancorp, Visa and Mastercard were false and misleading:

a. Based on my review of text messages and other data recovered from the TRAPANI Cellphone, I have learned the following, in substance and part. On or about July 31, 2017, Sharma, via the SHARMA Cellphone-1, sent several text messages to TRAPANI, via the TRAPANI Cellphone, concerning plans to make calls to obtain licensing agreements with Visa or Mastercards (agreements that the White Paper-1 represented were already in place). These text messages, each of which was viewed by the user of the TRAPANI Cellphone according to data recovered from the TRAPANI Cellphone, were as follows:

i. Starting at approximately 2:54AM on or about July 31, 2017, Sharma sent text messages to TRAPANI in which Sharma wrote: "Should write down a list of places to call tomorrow," "For the conbranded card."

ii. Starting at approximately 1:12PM on or about July 31, 2017, Sharma sent text messages to TRAPANI in which Sharma wrote: "Gotta get it going on the banks today plz."

iii. Starting at approximately 11:16PM on or about July 31, 2017, Sharma sent text messages to TRAPANI in which Sharma wrote: "We just need to get s banking license," "Need our direct agreement with visa," "Or MasterCard," "That's the move," "Cut out the middle man," "I wish we just knew someone."

b. Based on my review of documents that Centra Tech has produced to the SEC and documents provided by Bancorp, and my conversations with the Bancorp Witness-2, I have learned, in substance and in part, that on or about August 30, 2017, Bancorp sent a cease-and-desist notice to Sharma stating that "CENTRA TECH IS HEREBY DIRECTED TO CEASE AND DESIST FROM REPRESENTING THAT THE BANCORP BANK HAS ANY CONNECTION WITH, OR IS THE ISSUER OF ANY CARD PRODUCTS RELATED TO CENTRA TECH . . . [and from] USING OUR LOGO OR OTHER IMAGES IN CONNECTION WITH THE MARKETING OF ANY PRODUCT OR WALLETS YOU OFFER."

c. Based on my review of text messages and other data recovered from the TRAPANI Cellphone, I have learned, in substance and part, that on or about August 30, 2017, TRAPANI, via the Trapani Cellphone, participated in a group text message conversation with Sharma, via the SHARMA Cellphone-1, and Farkas, via the FARKAS Cellphone-1, in which the three of them exchanged various text messages about taking down (among other things) images of the Bancorp logo that had been posted on the the Centra Tech Website. The user of the TRAPANI Cellphone-1 viewed each of the text messages received during this group conversation, according to data recovered from the TRAPANI Cellphone-1. During this group conversation, the following occurred, in substance and in part:

i. Starting at approximately 4:21PM on or about August 30, 2017, Sharma sent text messages to TRAPANI and Farkas in which SHARMA wrote: "Yo," "One of you login to," "Medium/@centra asap," "And remove that thumbnail," "For us," "And Bitsset," "Image," "Asap," "Bankcorp reached out." Farkas responded "What's login." Sharma wrote: "You click sign in by email," "And it'll send support and email . . . I don't have wifi," "Just remove the picture r," "In that article."

ii. At approximately 4:23PM on or about August 30, 2017, TRAPANI sent a text message to Sharma and Farkas in which TRAPANI wrote: "Will in 30 mins at hospital." Sharma responded "Do it asap rocky." Farkas wrote "Done." TRAPANI responded "Good shit RJ."

iii. Starting at 4:33PM on or about August 30, 2017, Sharma sent text messages to TRAPANI and Farkas in which Sharma wrote: "RJ," "Google Bitsset and Centra," "And contact anyone that has that image," "And ask them to remove it . . . Or that language," "Saying we work Bancorp," "Od bad," "Their lawyer reached out."

iv. Starting at approximately 4:35PM on or about August 30, 2017, Farkas sent a text message to TRAPANI and Sharma in which Farkas wrote "No Bancorp on it." Sharma responded: "In the bottom? . . . U sure," "I thought I saw," "On press releases." FARKAS wrote: "Just checked them all," "No Bancorp." Sharma responded: "Okay," "We gotta get that shit removed everywhere and blame freelancers lol," "Fuck," "One fucking faggot," "Caused so much . . . [r]uckess."

d. Based on my review of text messages recovered from the TRAPANI Cellphone, I believed and respectfully submit that there is probable cause to believe that RAYMOND TRAPANI, a/k/a "Ray," the defendant, participated in a video promoting Centra Tech containing false representations about Bancorp, that was available to the public via the internet as of on or about September 22, 2017 but has since been deleted. I have not been able to recover or view the video itself, but there are references to the video during a group text message conversation on or about September 22, 2017 among TRAPANI, via the TRAPANI Cellphone, Sharma, via the SHARMA Cellphone-1, and Farkas, via the FARKAS Cellphone-1. During this group conversation, Farkas wrote: "Says Bancorp on your video-ray is that ok." TRAPANI responded: "Gotta get it edited but we have been saying Bancorp." Sharma wrote "what video," "Fake it off," "I don't wanna get sued."

e. Based on my review of text messages recovered from and other data recovered from the TRAPANI Cellphone, I have learned the following, in substance and part. On or about September 24, 2017, TRAPANI, via the TRAPANI Cellphone, received several text messages from Sharma, via the SHARMA Cellphone-1, concerning why Centra Tech needed to bring an individual known to both as them as "Ryan" into Centra Tech because his family had connections with the owners of Visa and Mastercard (connections that Centra Tech

presumably would not have needed if it had already formed the partnerships with Visa and Mastercard that Centra Tech had claimed to have in the White Paper-1). For example, starting at approximately 5:03AM on or about September 24, 2017, Sharma sent text messages to TRAPANI in which Sharma wrote: "We gotta get Ryan in [h]is family knows the owners of visa and amstecsd," "Mastercard," "Word praying," "Od loll," "It's like in our face." Each of these text messages was viewed by the user of the TRAPANI Cellphone, according to data recovered from the TRAPANI Cellphone.

f. Based on my review of the SEC's website, I know that on or about September 29, 2017, the SEC issued a press release announcing that it had filed a complaint in the Eastern District of New York charging a company called "RECOin" and the company's founder, among others, with defrauding investors in an unregistered offering of securities styled as an initial coin offering. Based on my review of text messages recovered and other data from the TRAPANI Cellphone, I have learned, in substance and part, that on or about September 29, 2017, during a group text message conversation among TRAPANI, via the Trapani Cellphone, Sharma, via a cellphone with a call number ending with "6091" ("SHARMA Cellphone-2"),¹⁴ and FARKAS, via a cellphone with a call number ending with "2656" ("FARKAS Cellphone-2"),¹⁵ the three of them exchanged various text messages about taking down (among other things) the version of Centra Tech's white paper listed on the

¹⁴ Based on my review of the contact information stored in the TRAPANI Cellphone, I know that the call number for the SHARMA Cellphone-2 is identified as that of "Sammmmm," and from my participation in this investigation, I know that "Sam" is one of the aliases of Sohrab Sharma, a/k/a "Sam Sharma." In addition, I have reviewed documents that Centra Tech has produced to the SEC, including an email chain from October 2017 in which Sharma identified the call number for the SHARMA Cellphone-2 as his "direct line."

¹⁵ Based on my review of the contact information stored in the TRAPANI Cellphone, I know that the call number for the FARKAS Cellphone-2 is identified as that of "RJ Work," and from my participation in this investigation, I know that "RJ" is one of the aliases of Robert Farkas, a/k/a "RJ," a/k/a "Bob." In addition, I have reviewed documents that Centra Tech has produced to the SEC, including an email chain from October 2017 in which Farkas stated he could be contacted at the call number for the FARKAS Cellphone-2.

Centra Tech Website at the time. During this group conversation, the following occurred, in substance and in part:

i. Starting at 5:34PM on or about September 29, 2017, Sharma sent text messages to TRAPANI and Farkas in which Sharma wrote: "Ray Can u have Javier remove the card with the visa logo on it On centa Tech website," "On the bottom," "And also remove white paper from website for now I think it's best to take the white paper offline like Monaco did."¹⁶

ii. TRAPANI responded "What's up" at approximately 5:34PM on or about September 29, 2017.

iii. Sharma wrote "Yea let's take that bitch down asap" at approximately 5:36PM on or about September 29, 2017. Farkas responded "No good?"

iv. TRAPANI wrote "I think we should have white paper up but maybe just take it down and reword it as proper as possible then put back up with the bonus structure everything" at approximately 5:37PM on or about September 29, 2017.

v. Starting at approximately 5:38PM on or about September 29, 2017, Sharma wrote: "I rather cut any fufu," "Off right own," "Now," "Then worry," "Anything that doesn't exist current," "We need to remove," "Have them do it asap."

vi. Starting at 11:54PM on or about September 29, 2017, Sharma sent text messages to TRAPANI and Farkas in which Sharma wrote: "Sec just shut down REcoin," "Read the article," "We gotta clean up every single thing that we can't do," "And can't offer today," "Google SEC REcoin." TRAPANI responded "I peep" at approximately 11:54PM on or about September 29, 2017.

vii. Starting at approximately 11:55PM on or about September 29, 2017, Sharma sent text messages to TRAPANI and

¹⁶ According to a Bloomberg News article published via the internet on or about October 2, 2017, Monaco Technology was a company that claimed to investors in May 2017 that it had introduced a Visa-branded payment card for spending cryptocurrencies at merchant locations in Visa's network, but at the time, "Monaco didn't have a deal with Visa."

Farkas in which Sharma wrote: "Delete all the cards have shipped info," "Everything gotta get cleaned up," "RJ can u jump on that . . . on our pages."

viii. TRAPANI responded "They were pitching a straight security" at approximately 11:55PM on or about September 29, 2017. Sharma wrote "Yea," "I know," "But fill fraud can be a word thrown around," "Especially with the card limits." TRAPANI responded "Word" at approximately 11:55PM on or about September 29, 2017.

ix. Starting at approximately 11:55PM on or about September 29, 2017, Sharma sent text messages to TRAPANI and Farkas in which Sharma wrote: "I want a product page like monacos," "Theirs is so nice." TRAPANI wrote "Lol yeah no real product." Sharma wrote: "Yea but it doesn't say much," "And looks good," "We don't have a real product either right now," "So I wanna tighten up ship asap." TRAPANI wrote "Feel you."

x. Starting at 11:57PM on or about September 29, 2017, Sharma sent text messages to TRAPANI and Farkas in which Sharma wrote: "All we really need to do," "Is remove the limits." Farkas responded "Delete everything on our chats that say cards have shipped?" Sharma wrote "Yea." Farkas wrote "Ok." Sharma wrote "Let's play on the safe side," "Our price is way to high for us to slip." TRAPANI wrote "Agreed." Farkas wrote "Ok thx."

25. Based on my conversations with a representative of Visa (the "Visa Witness") and my review of documents provided by Visa, I have learned, in substance and in part, the following. On or about October 10, 2017, after Visa became aware that Centra Tech's promotional materials contained false representations about a purported partnership between Centra and Visa, Visa's Legal Department sent an email to Centra Tech, via the email address "support@centra.tech," attaching a cease-and-desist letter (the "October 10 Letter"). In the October 10 Letter, Visa stated, in part:

It has come to our attention that Centra Tech ("Centra") is using the Visa-Owned Marks on its site <https://www.centra.tech> as well as on its various social media sites (e.g., Facebook, Twitter, Instagram, YouTube) and other mediums. It appears Centra is purporting to be an authorized distributor of

VISA payment cards utilizing cryptocurrency technology. . . . However, to the best of our knowledge and good faith belief, Centra is not authorized to use the Visa-Owned Marks in this manner, nor is it authorized to issue, sell, or otherwise distribute VISA payment cards. If this is not the case, please advise and explain immediately, i.e., if Centra is working with an authorized Visa Issuing bank.

a. Visa attached to the October 10 Letter multiple screenshots from the Centra Tech Website in which Centra Tech had misappropriated the Visa trademark. In the October 10 Letter, Visa requested that Centra Tech cease and desist from using Visa's trademarks and "promoting that it is an authorized distributor of VISA payment cards," and for Centra Tech to remove all references to Visa from the Centra Tech Website and any promotional materials. Visa also requested that Centra Tech "identify the bank or financial institution it is working with (if any) to issue a purported VISA payment card product."

b. In response to the October 10 Letter, Sohrab Sharma, a/k/a "Sam Sharma," provided Visa with an acknowledgment that he had received the October 10 Letter, but did not identify any financial institutions with which Centra Tech was working to issue a Visa payment card product.

26. Based on my review of documents that Centra Tech has produced to the SEC, I have learned, in substance and in part, the following:

a. On or about October 10, 2017, Sohrab Sharma, a/k/a "Sam Sharma," using the email address "sam@centra.tech," emailed a response to Visa's October 10 Letter, stating:

~~This matter has been brought to my attention. I will have this matter rectified in 48 hours. We are currently in the process of finalizing our Co-branded Prepaid Card Program, but might not meet the Nov 1st lock out deadlines for submission from our issuing bank whom is an authorized visa issuer for card design approval. So can see where this issue might of came from.~~

However, I have immediately contacted my web developers to remove all issues and I will

have this document [a cease and desist acknowledgment] signed and returned within 48 hours.

Thank you,
Sam Sharma

b. On or about October 11, 2017, Visa responded to Sharma's email, and requested that he "advise of the Visa issuing bank you are working with."

c. On or about October 12, 2017, Sharma responded again via email, using his "sam@centra.tech" email account, and stated: "As far as the issuing bank we have an MNDA in place currently. VISA will soon get our information for Card Design approval and program specs from our future issuing bank in the US." Sharma signed the email, "Thank you, Sam." Based on my training and experience, I believe Sharma was claiming that he had a Mutual Non-Disclosure Agreement with the purported issuing bank in this email and that he therefore could not disclose its identity. (Based on my review of text messages and other data recovered from the TRAPANI Cellphone, I have learned that on another occasion, after a prospective investor in Centra Tech asked Sharma for proof to verify representations by Centra Tech that Centra Tech had a contract with a particular investment venture capital firm, Sharma, via the SHARMA Cellphone-1, sent text messages on or about August 28, 2017 to TRAPANI, via the TRAPANI Cellphone, and to Farkas, via the FARKAS Cellphone-1, in which Sharma stated that "I'm worried about getting these guys the fufu contest," "Contract," for the investment firm "because they can verify it," and that he was going to tell the prospective investor that "I'm gonna say our NDA [Non-Disclosure Agreement] is very tight," "We can't share the contract." In response, TRAPANI wrote "Get any worry out of your mind your a fucking closer," and Farkas wrote "Dance," "Do what you do.")

d. On or about October 13, 2017, Visa responded to Sharma's email, noting that despite Sharma's assurances "[w]e are very concerned to still find many continuing unauthorized uses of the VISA trademark connected to your alleged card product that Visa has not authorized." Visa's October 13 response email (the "October 13 Email") attached a document containing screenshots of various videos that had been posted on YouTube's website displaying Centra Cards with the Visa logo on them, and hyperlinks to where those videos could be found on YouTube's website at the time. Visa's October 13 Email further stated:

Please see the attached document for representative examples only of the many unauthorized uses we've found on your site and on other sites through a simple Google search. We note especially the blatant uses in many informational and "how-to-use/how-it-works" Centra card videos (e.g., by you and Ray Tripani [i.e., RAYMOND TRAPANI, a/k/a "Ray," the defendant] for instance and many others). We must therefore reiterate our demands that ANY and ALL unauthorized uses of the VISA trademark be taken down on an IMMEDIATE basis, whether it be Centra sourced or where Centra has distributed or allowed content to be published to third-parties (i.e., third-party site news feeds/articles, press releases). Without any authorization to use the VISA brand in connection with the functioning or promotion of its card product, Centra may not directly or indirectly promote or mislead others that its product is a VISA product or works with Visa, that its product is endorsed or backed by Visa, that its product functions with the VISA network, or that it is associated with the highly valued and high-profile VISA brand.

e. Based on the October 13 Email and the other facts set forth herein, there is probable cause to believe that RAYMOND TRAPANI, a/k/a "Ray," the defendant, participated in videos promoting Centra Tech containing false representations about Visa that were available to the public via YouTube's internet website as of on or about October 13, 2017 but have since been removed from the YouTube website. I recently attempted to access the YouTube videos referenced in Visa's October 13 Email using the hyperlinks set forth in the attachment to the October 13 Email, and from doing so, I have learned that several of the videos have been removed from YouTube's website. Although I have not been able to recover or view such promotional videos featuring TRAPANI, Visa's October 13 Email notes "especially the blatant uses in many informational and "how-to-use/how-it-works" Centra card videos (e.g., by you [i.e., Sharma] and Ray Tripani [i.e., TRAPANI] for instance and many others)."

f. Visa's October 13 Email to Sharma also reiterated Visa's request that Sharma identify the bank that Centra Tech was "allegedly working with." Based on my conversations with the Visa Witness, I have learned that, in response to Visa's multiple requests for Centra Tech to identify the Visa card issuing bank

with which it purported to have a relationship, neither Sharma nor anyone at Centra Tech identified such an issuing bank.

27. On or about March 26, 2018, I reviewed the Centra Tech Website and a white paper published via the Centra Tech Website as of that date. Based on this review I have learned that as of March 26, 2018, Centra Tech was not using the Bancorp, Visa or MasterCard names or logos.

RELEVANT ACTIVITIES IN THE SOUTHERN DISTRICT OF NEW YORK

28. From my review of documents provided by DANY and criminal history records of RAYMOND TRAPANI, a/k/a "Ray," the defendant, and my conversations with other law enforcement officials, I have learned that on or about October 5, 2017, TRAPANI surrendered in New York, New York on the perjury indictment described above that had been filed in New York County Supreme Court. From my review of text messages recovered and other data from the TRAPANI Cellphone, I have learned that while he was in New York, New York within the confines of the Southern District of New York to surrender in that perjury case, TRAPANI participated in a group text message conversation with one of his co-conspirators, Robert Farkas, a/k/a "RJ," a/k/a "Bob," and an employee of Centra Tech (the "Centra Employee"), concerning a site-visit of Centra Tech's offices by an individual seeking to confirm that Centra Tech was a real company. During this group conversation, the following occurred, in substance and in part. On or about October 5, 2017, starting at approximately 10:32AM, TRAPANI sent text messages to Farkas and the Centra Employee in which TRAPANI wrote: "Guys just found out reading through some stuff some you tube guy is going to come to the office tomorrow. Trying to make sure Centra is real. Just make sure you tell him me and Sam are in Asia with majority of the team." (As shown herein, TRAPANI was not in Asia with "Sam," as TRAPANI had suggested, but rather was in New York, New York preparing to surrender.) Shortly thereafter, at approximate 11:36AM on or about October 5, 2017, TRAPANI wrote "Someone please answer me before I turn my self in. I told security if anything they can walk him through the office but no pictures." The Centra Employee, who was in Florida, responded: "Sorry I was in shower. I will make sure he gets to see us and I will handle." TRAPANI then wrote: "Okay. I should be out by midday let you know when I'll be jumping on a flight back and be there in the morning." About an hour later, at approximately 12:56PM on or about October 5, 2017, TRAPANI wrote: "Walking up to turn my self in if I stop answering I'm cuffed." At approximately 2:55PM, TRAPANI asked if "that guy came," and Farkas responded "Not yet brotha."

29. Based on my review of documents that Centra Tech has produced to the SEC, I have learned, in substance and in part, that in or about October 2017, Robert Farkas, a/k/a "RJ," a/k/a "Bob," registered Centra Tech as a sponsor of "Consensus: Invest 2017," a blockchain technology summit or conference that took place on or about November 28, 2017 in New York, New York within the confines of the Southern District of New York. I have reviewed a video posted to Centra Tech's YouTube channel on or about January 5, 2018 entitled "Centra Consensus NYC Cryptocurrency Blockchain Expo Invest." The video depicts what appears to be people and activities at the "Consensus" Invest 2017, including a Centra Tech booth or table at the conference, and shows Farkas engaging in conversations with various people during the conference. Based on the foregoing, I believe that Farkas was in New York, New York, on or about November 28, 2017, and engaged in promotional and marketing activities for Centra Tech at the "Consensus: Invest 2017" conference.


30. Based on my training, experience, and participation in this investigation, I have learned that companies like Centra Tech that offer cryptocurrency are required to keep a record of identification information—including names and addresses—of individuals purchasing their cryptocurrency. Based on my review of records provided by Centra Tech to the SEC, I have learned, in substance and in part, the following:

a. Centra Tech provided a spreadsheet labeled "Centra Token Sale Details" to the SEC. The spreadsheet contains several tabs, including tabs labeled "CentraToken," "CentraSale," and "Centra Token Owner."

b. The CentraToken tab contains information regarding more than 1800 purchases of Centra Tokens from between on or about July 30 to August 26, 2017. Two of the listed investors reside in New York, New York, within the confines of the Southern District of New York.

c. The CentraSale tab contains information regarding more than 1700 purchases of Centra Tokens from between on or about September 19 to September 26, 2017. Three of the listed investors reside in New York, New York, within the confines of the Southern District of New York.

WHEREFORE, I respectfully request that an arrest warrant be issued for RAYMOND TRAPANI, a/k/a "Ray," the defendant, and that he be arrested and imprisoned or bailed, as the case may be.


BRANDON RACZ
Special Agent
Federal Bureau of Investigation

Sworn to before me this
18th day of April 2018

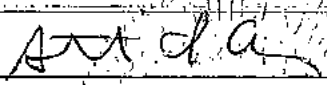

THE HONORABLE STEWART D. AARON
UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK

Exhibit D

Exhibit D

Case 1:18-cr-00340-LGS Document 14 Filed 05/14/18 Page 1 of 29

U.S. DC SDNY
DOCUMENT
ELECTRONICALLY FILED
DOC #:
DATE FILED: MAY 14 2018

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

INDICTMENT

- v. -

18 Cr. _____

JUDGE SCHOFIELD

SOHRAB SHARMA,
a/k/a "Sam Sharma,"
RAYMOND TRAPANI,
a/k/a "Ray," and
ROBERT FARKAS,
a/k/a "RJ,"

18 CRIM 340

Defendants.

COUNT ONE

(Conspiracy to Commit Securities Fraud)

The Grand Jury charges:

Centra Tech and the Defendants

1. At all times relevant to this Indictment, Centra Tech, Inc. ("Centra Tech") was a company headquartered in Miami Beach, Florida, that purported to offer various cryptocurrency-related financial products. For example, Centra Tech claimed to have a Centra Tech debit card that allowed users to spend cryptocurrencies such as "Bitcoin" and "Ether" to make purchases in real-time at various stores and other establishments that were part of the networks of merchant locations that accept payment cards from MasterCard and Visa, two companies described in more detail in paragraphs 7 and 8 of this indictment.

2. SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, founded Centra Tech in or about July 2017.

3. SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, served in various roles at Centra Tech, including as a Director of Centra Tech and as Centra Tech's President and Chief Technology Officer until approximately late October 2017. Before SHARMA co-founded Centra Tech with RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, SHARMA and TRAPANI worked together at a luxury car rental company in Florida.

4. RAYMOND TRAPANI, a/k/a "Ray," the defendant, served as Centra Tech's Chief Operating Officer until in or about late October 2017.

5. ROBERT FARKAS, a/k/a "RJ," the defendant, served in various roles at Centra Tech, including as Centra Tech's Chief Marketing Officer, until approximately late October 2017, and then subsequently as a Director and the Chief Operating Officer of Centra Tech.

Additional Relevant Entities

6. The Bancorp, Inc. ("Bancorp") is a Delaware-based financial services company with offices throughout the United States. Bancorp provides a variety of financial services to companies and individuals, including issuing debit and prepaid cards, and payments processing, which it does by virtue of

contractual partnerships with other financial services companies such as Visa and Mastercard, among others.

7. Visa Inc. ("Visa") is a multinational financial services corporation headquartered in California. Visa facilitates electronic funds transfers throughout the world, most commonly through "Visa"-branded credit cards and debit cards.

8. Mastercard Incorporated ("Mastercard") is a multinational financial services corporation headquartered in New York. Mastercard's principal business is to process payments between the banks of merchants and the card issuing banks or credit unions of the purchasers who use "Mastercard"-branded debit and credit cards to make purchases.

Background on Initial Coin Offerings

9. An "initial coin offering" or "ICO" is a type of fundraising event in which an entity offers participants a unique digital "coin" or "token" in exchange for consideration. The consideration often comes in the form of "digital currency" or "cryptocurrency," but can also be "fiat currency," which is a term used to describe currency that a government has declared to be legal tender, such as the U.S. dollar or the Euro, but is not backed by a physical commodity. "Digital currency" or "cryptocurrency" is a digital representation of value that can be digitally traded and functions as (1) a medium of exchange, (2) a unit of account, or (3) a store of value, but does not have legal

tender status. Unlike fiat currency, digital currency is not issued by any jurisdiction and functions only by agreement within the community of users of that particular currency. Examples of digital currencies are "Bitcoin" and "Ether," both of which are issued and distributed on their own "blockchains." A "blockchain" is a digitalized, decentralized, cryptographically-secured ledger that allows market participants to keep track of digital currency transactions without central recordkeeping.

10. The tokens or coins issued in an ICO are issued and distributed on a blockchain. Tokens often are also listed and traded on online platforms, typically called digital currency exchanges, and they usually trade for other assets. Often, tokens are listed and tradeable immediately after they are issued.

11. ICOs are typically announced and promoted through the internet and email. Issuers usually release a "white paper" describing the project and the terms of the ICO. In order to participate in the ICO, investors are generally required to transfer funds to the issuer. After the completion of the ICO, the issuer will distribute its unique "coin" or "token" to the participants. The tokens may entitle the holders to certain rights

related to a venture underlying the ICO, such as rights to profits, shares of assets, rights to use certain services provided by the issuer, or voting rights. These tokens may also be listed on online digital currency exchanges and be tradable for digital

currencies.

12. Pursuant to Sections 5(a) and 5(c) of the Securities Act of 1933, a company or individual conducting an offer or sale of securities to the public must file a registration statement with the SEC or must qualify for an exemption from the registration requirements. 15 U.S.C. § 77e(a) and (c). Under Section 2(a)(1) of the Securities Act, a security includes "an investment contract." 15 U.S.C. § 77b.

13. On or about July 25, 2017, the United States Securities and Exchange Commission (the "SEC") issued a public report with respect to its investigation of an ICO in which the SEC explained that initial and other digital coin offerings can be, and often are, offerings of "securities" under the federal securities laws that must be registered with the SEC or must qualify for an exemption from the registration requirements (the "SEC ICO Report").

Overview of the Scheme to Defraud

14. From at least on or about July 30, 2017 through at least in or about April 2018, SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, engaged in a scheme to defraud investors in Centra Tech's ICO through a series of material misrepresentations and omissions. Through this fraudulent scheme, SHARMA, TRAPANI and FARKAS solicited digital funds worth more than \$25 million from

investors who purchased digital coins issued by Centra Tech.

15. As part of the scheme, SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, made and, caused to be made, the following misstatements, among others, in soliciting investments in Centra Tech:

a. SHARMA, TRAPANI and FARKAS claimed to investors that Centra Tech had developed a debit card that enabled users to spend cryptocurrencies to make purchases at any stores that accept Visa or Mastercard payment cards, and that Centra Tech had partnerships with Bancorp, Visa, and Mastercard to issue Centra Tech debit cards. In fact, Centra Tech had no such partnerships with Bancorp, Visa or Mastercard.

b. SHARMA, TRAPANI and FARKAS claimed to investors that Centra Tech's executive team included two purported senior executives named "Michael Edwards" and "Jessica Robinson" who had impressive work histories and academic credentials. In fact, neither "Michael Edwards" nor "Jessica Robinson" was a real person.

c. SHARMA, TRAPANI and FARKAS claimed to investors that Centra Tech held money transmitter and other relevant licenses in 38 states. In fact, Centra Tech did not have such licenses in a number of those states.

Centra Tech's ICO and the Issuance of
Unregistered Securities in the Form of Centra Tokens

16. From on or about July 30, 2017 through on or about October 5, 2017, Centra Tech raised funds from investors, in the form of digital funds worth more than \$25 million, via an ICO for the purported purpose of enabling Centra Tech to operate what Centra Tech advertised would be the world's first multi-blockchain debit card. During this ICO, Centra Tech accepted digital funds from investors in exchange for unregistered securities in the form of digital tokens issued by Centra Tech, known as "Centra tokens," also known as "CTR tokens" or "CTRs." that could be traded, or exchanged, on various digital currency exchanges. At no time did Centra Tech register its ICO with the SEC.

17. As part of the ICO, Centra Tech posted several different versions of a white paper advertising Centra Tech's ICO on the Centra Tech Website. A version of the ICO White Paper, labeled "FINAL DRAFT," that was available on the Centra Tech Website at least as of August 3, 2017 ("White Paper-1") contained several statements describing the Centra Tech ICO and Centra tokens. The characteristics of the Centra Tech ICO and the Centra tokens, as described by Centra Tech, rendered the Centra tokens securities and therefore subject to the provisions of Sections 5 of the Securities Act of 1933. For example:

a. In White Paper-1, Centra Tech stated that it would be offering "68% of all [Centra] Tokens to be created for purchase in our crowd sale to the public" and would "allocate 20% of all [Centra] Tokens created to distribution of bug bounty, business development, community projects, market expansion, and more" while "[t]he remaining 12% will be distributed to Centra Techs founders, early investors, and employees as an incentive to create a long lasting mutual interest and dedication to the tokens and their prolonged value."

b. White Paper-1 advertised multiple "rewards" programs for Centra Token holders. For example, White Paper-1 advertised that Centra Token holders would receive a ".8% ETH" reward for every transaction in the "network" (the "Network Rewards Program"). During an interview of Centra Tech co-founder SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, on an internet radio podcast on or about August 14, 2017, SHARMA represented that "through our revenue share we actually give .8 percent of that away to token holders as part of our program to join the Centra Tokens." Through such representations, Centra Tech portrayed its Network Rewards Program as functioning like a dividend, in that it offered a share — .8% ETH — of Centra Tech's revenue.

c. Although Centra Tech claimed that holders of the Centra Token "by no means own any securities or interest in Centra Tech," and that the Centra tokens "are not securities nor shares,"

White Paper-1 promised that Centra Token purchasers would "be able to place their wallet to use on Centra Debit card, or exchange them [the Centra Tokens] on the Cryptocurrency exchanges for a profit."

**Fraudulent Representations Concerning
Centra Tech's Purported Corporate Partnerships**

18. In soliciting investor funds during Centra Tech's ICO, ~~SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray,"~~ and ROBERT FARKAS, a/k/a "RJ," the defendants, made repeated fraudulent representations to potential investors that Centra Tech had developed a debit card (the "Centra Debit Card" or "Centra Card") that allowed users to spend cryptocurrency to make purchases at any establishment that accepts Visa or Mastercard, and that Centra Tech had formed partnerships with Bancorp, Visa, and Mastercard to issue Centra Debit Cards licensed by Visa and Mastercard.

19. SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, caused false statements related to these purported partnerships to be made in white papers issued by Centra Tech with respect to the

ICO. For example, the version of Centra Tech's white paper that was available on the Centra Tech Website in or about July 2017 ("White Paper-2") contained a diagram listing "milestone items" in Centra Tech's development, and referenced that in January 2017:

"Major Banking Partnership signed and license agreement with VISA USA Inc formulated." Under a heading entitled "Centra Tech Partners," White Paper-2 displayed the logos of Bancorp, Visa and Mastercard. White Paper-2 also contained images of Centra Debit Cards with "Visa" and "Mastercard" logos displayed on the cards next to Centra Tech's own logo — a gold coin with a "C" in the middle.

20. SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, also caused similar false statements to be made directly on the Centra Tech Website. For example, in or about August 2017, the Centra Tech Website included a page claiming:

The Centra Card Visa Debit Card is issued by The Bancorp Bank, member FDIC, pursuant to a license from Visa U.S.A. Inc. "The Bankcorp" [sic] and "The Bancorp Bank" are registered trademarks of The Bankcorp Bank © 2014. Use of the Card is subject to the terms and conditions of the applicable Cardholder Agreement and fee schedule, if any.

21. On or about August 14, 2017, SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, during an interview on an internet podcast relating to cryptocurrency, stated, among other things, the following about Centra Tech's purported partnerships with Visa and Mastercard for the issuance of Centra Debit Cards:

"[I]nternationally, we currently have our license with Mastercard, to service international clients. Domestically, we do have the

Visa partnership, so we are able to issue Visa cards domestically and Mastercards internationally."

22. On or about October 13, 2017, ROBERT FARKAS, a/k/a "RJ," the defendant, sent an email to SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, attaching FARKAS' edits to an investor pitch deck for Centra Tech, dated August 15, 2017. The pitch deck stated, among other things, that: (i) the Centra Card gives users "[a]ccess to more than 36 Million Points of Sale wherever Visa and/or Mastercard is accepted"; (ii) the Centra Card was "issued" by "Mastercard and Visa;" and (iii) Centra in January 2017 had a "Major Banking Partnership and license agreement signed with VISA USA Inc."

23. As SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, well knew, the above-described representations about Centra Tech's purported partnerships with Bancorp, Visa and Mastercard were false. In fact, Centra Tech had not entered into any partnerships with Bancorp, Visa or Mastercard.

24. On or about July 31, 2017, SOHRAB SHARMA, a/k/a "Sam Sharma" and RAYMOND TRAPANI, a/k/a "Ray," the defendants, engaged

in a cellphone text message conversation in which they discussed Centra Tech's lack of actual partnerships with banks or credit card companies. During that exchange, SHARMA wrote: "Should write down a list of places to call tomorrow," "For the conbranded [sic]

card." Later in the exchange, SHARMA wrote: "Gotta get it going on the banks today plz." SHARMA also subsequently wrote: "We just need to get a [sic] banking license," "Need our direct agreement with visa," "Or MasterCard," "That's the move," "Cut out the middle man," "I wish we just knew someone."

25. On or about August 30, 2017, Bancorp sent a cease-and-desist notice to SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, stating, in all capital text, that "CENTRA TECH IS HEREBY DIRECTED TO CEASE AND DESIST FROM REPRESENTING THAT THE BANCORP BANK HAS ANY CONNECTION WITH, OR IS THE ISSUER OF ANY CARD PRODUCTS RELATED TO CENTRA TECH . . . [and from] USING OUR LOGO OR OTHER IMAGES IN CONNECTION WITH THE MARKETING OF ANY PRODUCT OR WALLETS YOU OFFER."

26. On or about August 30, 2017, during a group cellphone text message conversation between SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, the three discussed Bancorp's cease-and-desist notice. At approximately 4:21PM, SHARMA wrote: "Yo," "One of you login to," "Medium/@centra asap," "And remove that thumbnail," "Asap," "Bankcorp reached out." At approximately 4:23PM, TRAPANI wrote: "Will in 30 mins at hospital." SHARMA responded "Do it asap rocky." FARKAS wrote "Done." TRAPANI responded "Good shit RJ." FARKAS subsequently wrote: "No Bancorp on it." SHARMA responded: "In the bottom? . . . U sure," "I thought I saw," "On press releases." FARKAS wrote: "Just checked

them all," "No Bancorp." SHARMA responded: "Okay," "We gotta get that shit removed everywhere and blame freelancers lol"

27. During Centra Tech's ICO, RAYMOND TRAPANI, a/k/a "Ray," the defendant, participated in a video promoting Centra Tech. The video contained false representations about Centra Tech's purported partnership with Bancorp. This video was available to the public via the internet as of on or about September 22, 2017

but was subsequently removed. On or about September 22, 2017, during a group cellphone text message conversation among TRAPANI and SOHRAB SHARMA, a/k/a "Sam Sharma," and ROBERT FARKAS, a/k/a "RJ," the defendants, FARKAS wrote: "Says Bancorp on your video ray is that ok." TRAPANI responded: "Gotta get it edited but we have been saying Bancorp." SHARMA wrote "What video," "Fake it off," "I don't wanna get sued."

28. On or about September 29, 2017, during a group cellphone text message conversation between SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, the three discussed taking down (among other things) the version of Centra Tech's white paper available on the Centra Tech Website at the time. In one message, SHARMA wrote:

"I rather cut any fufu," "Off right own," "Now," "Then worry," "Anything that doesn't exist current," "We need to remove," "Have them do it asap." In another, SHARMA wrote: "Delete all the cards have shipped info," "Everything gotta get cleaned up," "RJ can u

jump on that . . . on our pages." At approximately 11:55PM, SHARMA wrote: "I want a product page like [another company]," "Theirs is so nice." TRAPANI wrote "Lol yeah no real product." SHARMA wrote: "Yea but it doesn't say much," "And looks good," "We don't have a real product either right now," "So I wanna tighten up ship asap." TRAPANI wrote "Feel you."

29. On or about October 10, 2017, after Visa became aware that Centra Tech's promotional materials contained false representations about a purported partnership between Centra Tech and Visa, Visa's Legal Department sent an email to Centra Tech, via the email address "support@centra.tech," attaching a cease-and-desist letter (the "October 10 Letter"). In the October 10 Letter, Visa stated, in part:

It has come to our attention that Centra Tech ("Centra") is using the Visa-Owned Marks on its site <https://www.centra.tech> as well as on its various social media sites (e.g., Facebook, Twitter, Instagram, YouTube) and other mediums. It appears Centra is purporting to be an authorized distributor of VISA payment cards utilizing cryptocurrency technology. . . . However, to the best of our knowledge and good faith belief, Centra is not authorized to use the Visa-Owned Marks in this manner, nor is it authorized to issue, sell, or otherwise distribute VISA payment cards. If this is not the case, please advise and explain immediately, i.e., if Centra is working with an authorized Visa Issuing bank.

30. On or about October 10, 2017, SOHRAE SHARMA, a/k/a "Sam Sharma," the defendant, using the email address "sam@centra.tech," emailed a response to Visa's October 10 Letter, stating:

This matter has been brought to my attention. I will have this matter rectified in 48 hours. We are currently in the process of finalizing our Co-branded Prepaid Card Program, but might not meet the Nov 1st lock out deadlines for submission from our issuing bank whom is an authorized visa issuer for card design approval, So can see where this issue might of came from.

However, I have immediately contacted my web developers to remove all issues and I will have this document [a cease and desist acknowledgment] signed and returned within 48 hours.

Thank you,
Sam Sharma

31. On or about October 11, 2017, Visa responded to the email from reply by SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, and requested that he "advise of the Visa issuing bank you are working with." On or about October 12, 2017, SHARMA responded again via email, using his "sam@centra.tech" email account, and stated: "As far as the issuing bank we have an MNDA [Mutual Non-Disclosure Agreement] in place currently. VISA will soon get our information for Card Design approval and program specs from our future issuing bank in the US." SHARMA signed the email, "Thank you, Sam."

32. On a different occasion, after a prospective investor in Centra Tech asked SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, for proof to verify representations by Centra Tech that Centra Tech had a contract with a particular venture capital firm, SHARMA sent cellphone text messages on or about August 28, 2017 to RAYMOND

TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, in which SHARMA stated that "I'm worried about getting these guys the fufu contest," "Contract," for the investment firm "because they can verify it," and that he was going to tell the prospective investor that "I'm gonna say our NDA [Non-Disclosure Agreement] is very tight," "We can't share the contract." In response, TRAPANI wrote "Get any worry out of your mind your a fucking closer," and FARKAS wrote "Dance," "Do what you do."

**Fraudulent Representations Concerning
Centra Tech's Purported Executive Team**

33. In soliciting investor funds during Centra Tech's ICO, SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, made fraudulent statements and omissions concerning Centra Tech's executive team. These fraudulent representations included reference to two purported senior executives at Centra Tech named "Michael Edwards" and "Jessica Robinson." In fact, both "Michael Edwards" and "Jessica Robinson" did not exist.

34. White Paper-1, for example, contained a section entitled "Centra Tech Team" listing: (i) a purported individual named "Michael Edwards" as Centra Tech's "CEO & Co-Founder," along with a supposed picture of "Michael Edwards"; and (ii) a purported individual named "Jessica Robinson" as Centra Tech's "CFO," along with a supposed picture of "Jessica Robinson."

35. On or about August 14, 2017, SOHRAB SHARMA, a/k/a "Sam Sharma," the defendant, was interviewed on a cryptocurrency podcast about Centra Tech's ICO. When SHARMA was asked during the interview how Centra Tech obtained its startup capital, SHARMA stated, among other things, that "we have one private investor, who's actually Mike Edwards" and that Edwards is "also our VP and co-founder" who "put up a lot of the capital originally" to establish Centra Tech.

36. During the course of the ICO, SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, caused profiles for various Centra Tech executives to be published on LinkedIn's professional networking website, including the following:

37. According to a LinkedIn profile for "Michael Edwards" that was available to the public via the internet as of on or about August 3, 2017, "Michael Edwards" earned a master's in business administration from Harvard University, had more than 20 years of experience in the banking industry as a financial analyst at Bank of America (1993 through 2001), a vice president at Chase (2001 through 2011) and a senior vice president at Wells Fargo (2011 through 2016), and was the "CEO & Co-Founder of Centra Tech," where he had worked since May 2016 and had "[e]stablished licensing and partnership terms with Visa & Mastercard," among other accomplishments.

38. According to a LinkedIn profile for "Jessica Robinson" that was available to the public via the internet as of in or about August 2017, "Jessica Robinson" had close to five years of experience as the Chief Financial Officer of Johnson Communications before becoming the Chief Financial Officer of Centra Tech, where she had worked since December 2016 and had "[c]reated the partnership between Centra and a Major US Bank."

39. In fact, and as SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, well knew, "Michael Edwards" and "Jessica Robinson" of Centra Tech were not real people. With respect to "Michael Edwards," his purported photograph in White Paper-1 was actually a publically accessible photograph of an individual by a different name with no relationship with Centra Tech or the defendants. According to a *New York Times* article published shortly after Centra Tech's ICO, "The first cracks" in Centra Tech's ICO "appeared in early August" 2017, when an online blogger "wrote on his blog that Mr. Edwards appeared to be made up," in response to which "Centra initially threatened to sue [the blogger] but then said the bad profiles were the result of freelancers who had hastily put together the company's marketing material."

40. SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, took active steps to conceal the fact that "Michael Edwards" and

"Jessica Robinson" did not exist. For example, on or about July 29, 2017, during a cellphone text message conversation between SHARMA and TRAPANI, SHARMA wrote to TRAPANI: "Need to find someone who looks like Michael," "Team photos," "He's real lol," "Everyone real," "Except Jessica," "And Mike." Similarly, SHARMA later wrote during that same exchange: "Gonna kill both Ceo and her," "Gonna say they were married and got into an accident."

41. On or about September 13 and 14, 2017, SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, participated in a group cellphone text message conversation while SHARMA was on a business trip in South Korea for the purpose of soliciting investments in Centra Tech from a particular company (the "South Korean Company"). During this group conversation, TRAPANI sent a text message to SHARMA and FARKAS in which TRAPANI wrote "Just gotta close this shit with [the South Korean Company] get that ETH." SHARMA responded "We need to remove mike Edwards and "Jessica asap," "After ICO."

Fraudulent Representations Concerning
Centra Tech's Purported Licenses in 38 States

42. In soliciting investor funds during Centra Tech's ICO, SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, fraudulently claimed that Centra Tech held money transmitter and other licenses

in 38 states. In fact, and as the defendants well knew, Centra Tech did not have such licenses in a number of those states.

43. Specifically, SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, caused Centra Tech to represent in White Paper-1 that: "Centra Tech holds individual licenses in 38 states namely Alabama, Arizona, Alaska, Arkansas, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Mississippi, Nevada, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Oregon, Rhode Island, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, and West Virginia" and that the licenses "are held under categories of Money Transmitter, Sales of Checks, Electronic Money Transfers, and Seller of Payment Instruments."

44. In fact, Centra Tech did not hold such licenses in a number of those states. For example, a review on or about March 12, 2018 of a database maintained by the Nationwide Multistate Licensing System, a financial services industry online registration and licensing database, and of certain state licensing databases, revealed that seven of the states where Centra Tech claimed to hold licenses (namely, Arizona, Connecticut, Delaware, Florida, New Jersey, New York or South Dakota) had no record for Centra Tech. Moreover, while Centra Tech took efforts

to begin the licensing process, those efforts did not begin until October 2017, months after Centra Tech began its ICO.

45. SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, were well aware of the falsity of their representations with respect to Centra Tech holding money transmitter and other licenses in 38 states. For example, during a group cellphone text message conversation that took place on or about August 30, 2017, between SHARMA, TRAPANI and FARKAS, SHARMA sent text messages to TRAPANI and FARKAS about applying for state licenses for Centra Tech (licenses that Centra Tech had represented it already held in 38 states). For example, SHARMA wrote in one message: "Gotta apply for all licenses," "Should I even say this."

Statutory Allegations

46. From at least in or about July 2017, up to and including in or about April 2018, in the Southern District of New York and elsewhere, SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, and others known and unknown, willfully and knowingly did combine, conspire, confederate, and agree together and with each other to

commit an offense against the United States, to wit, securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5.

47. It was a part and object of the conspiracy that SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, and others known and unknown, willfully and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce and of the mails, and of the facilities of national securities exchanges, would and did use and employ manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon persons, in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

Overt Acts

48. In furtherance of the conspiracy and to effect its illegal object, SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, and others known and unknown, committed the following overt acts, among others, in the Southern District of New York and elsewhere:

a. In approximately July and August 2017, SHARMA, TRAPANI and FARKAS caused Centra Tech to publish white papers on the internet containing fraudulent misrepresentations and omissions in connection with Centra Tech's unregistered offering of securities to investors, in the form of digital currency tokens issued by Centra Tech.

b. On or about August 14, 2017, SHARMA made fraudulent misrepresentations and omissions about Centra Tech's unregistered securities offering during an interview on Neocash Radio, a cryptocurrency podcast that broadcasts its radio show via the internet.

c. Between on or about July 30, 2017 and on or about September 26, 2017, SHARMA, TRAPANI and FARKAS obtained digital funds for the purchase of Centra Tech tokens from at least five investors who resided in New York, New York.

(Title 18, United States Code, Section 371.)

COUNT TWO
(Securities Fraud)

The Grand Jury further charges:

49. The allegations contained in paragraphs 1 through 45 and 48 of this indictment are repeated and realleged as if fully set forth herein.

50. From at least in or about July 2017, up to and including in or about April 2018, in the Southern District of New York and

elsewhere, SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, willfully and knowingly, directly and indirectly, by use of the means and instrumentalities of interstate commerce and of the mails, and of the facilities of national securities exchanges, used and employed manipulative and deceptive devices and contrivances in connection with the purchase and sale of securities in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon persons, to wit, the defendants participated in a scheme to solicit digital funds worth more than \$25 million for investments in unregistered securities, in the form of digital currency tokens issued by Centra Tech, through fraudulent misrepresentations and omissions.

(Title 15, United States Code, Sections 78j(b) & 78ff;

Title 17, Code of Federal Regulations, Section 240.10b-5; and

Title 18, United States Code, Section 2.)

COUNT THREE
(Conspiracy to Commit Wire Fraud)

The Grand Jury further charges:

51. The allegations contained in paragraphs 1 through 45 and 48 of this Indictment are repeated and realleged as if fully set forth herein.

52. From at least in or about July 2017, up to and including in or about April 2018, in the Southern District of New York and elsewhere, SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, and others known and unknown, willfully and knowingly combined, conspired, confederated, and agreed together and with each other to commit an offense against the United States, to wit, wire fraud, in violation of Title 18, United States Code, Section 1343.

53. It was a part and an object of the conspiracy that SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, would and did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation

of Title 18, United States Code, Section 1343.

(Title 18, United States Code, Section 1349.)

COUNT FOUR
(Wire Fraud)

The Grand Jury further charges:

54. The allegations contained in paragraphs 1 through 45 and 48 of this Indictment are repeated and realleged as if fully set forth herein.

55. From at least in or about July 2017, up to and including in or about April 2018, in the Southern District of New York and elsewhere, SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, the defendants participated in a scheme to solicit digital funds worth more than \$25 million for investments in unregistered securities, in the form of digital currency tokens issued by Centra Tech, through fraudulent misrepresentations and omissions, and employed the use of telephones, email communications, and other wire

communications in connection with the scheme.

(Title 18, United States Code, Sections 1343 and 2.)

FORFEITURE ALLEGATIONS

56. As a result of committing one or more of the offenses charged in Counts One through Four of this Indictment, SOHRAB SHARMA, a/k/a "Sam Sharma," RAYMOND TRAPANI, a/k/a "Ray," and ROBERT FARKAS, a/k/a "RJ," the defendants, shall forfeit to the

United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offenses, including but not limited to a sum of money in United States currency representing the amount of proceeds traceable to the commission of said offenses that the defendants personally obtained and the following specific property: 91,000 Ether units, seized by law enforcement from a digital wallet with the public address 0xda6f983076725cb2899205a16e16d1ed60a0067a on or about May 2, 2018.

Substitute Assets Provision

57. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third party;

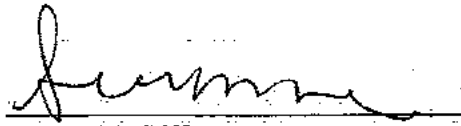
c. has been placed beyond the jurisdiction of the court;

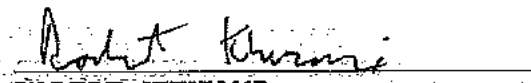
d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be divided without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p) and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of the defendants up to the value of the forfeitable property described above.

(Title 18, United States Code, Section 981;
Title 21, United States Code, Section 853;
Title 28, United States Code, Section 2461.)


FOREPERSON


ROBERT KHUZAMI
Attorney for the United
States, Acting Under
Authority of 28 U.S.C. § 515

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- v. -

SOHRAB SHARMA,
a/k/a "Sam Sharma,"
RAYMOND TRAPANI,
a/k/a "Ray," and
ROBERT FARKAS,
a/k/a "RJ,"

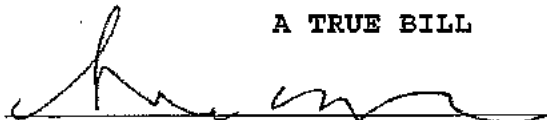
Defendants.

INDICTMENT

18 Cr. _____

(15 U.S.C. §§ 78j(b), 78ff;
17 C.F.R. §§ 240.10b-5;
18 U.S.C. §§ 371, 1343, 1349 and 2.)

A TRUE BILL


FOREPERSON

ROBERT KHUZAMI

Attorney for the United States, Acting

Under Authority of 28 U.S.C. § 515

4/18/18
18 *Pls find the case is assigned to*
Judge Schubert for all purposes
Mr. Judge Schubert

Exhibit E

Exhibit E

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**UNITED STATES DISTRICT COURT
 SOUTHERN DISTRICT OF NEW YORK**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

- against -

**SOHRAB ("SAM") SHARMA, ROBERT FARKAS,
 and RAYMOND TRAPANI,**

Defendants.

18 Civ. 02909 (DLC)

**AMENDED
 COMPLAINT**

**JURY TRIAL
 DEMANDED**

Plaintiff Securities and Exchange Commission (the "Commission"), for its complaint against Defendants Sohrab "Sam" Sharma ("Sharma"), Robert Farkas ("Farkas"), and Raymond Trapani ("Trapani") (together, the "Defendants"), alleges as follows:

SUMMARY

From approximately July 30, 2017 through October 5, 2017, Defendants raised at least \$32 million from thousands of investors through the sale of unregistered securities issued by Centra Tech, Inc. ("Centra"), an entity controlled primarily by Defendants. The Centra securities were issued in a so-called "initial coin offering" ("ICO"), a term that is meant to

describe the offer and sale of digital assets issued and distributed on a blockchain. Defendants sold the Centra token (“Centra Token” or “CTR Token”), an ERC20 token issued on the Ethereum blockchain, in Centra’s ICO. Defendants promoted the Centra ICO by touting nonexistent relationships between Centra and well-known financial institutions, including Visa, Mastercard and The Bancorp.

2. Defendants, individually and through Centra, engaged in an illegal unregistered securities offering and, in connection with the offering, engaged in fraudulent conduct and made material misstatements and omissions designed to deceive investors in connection with the offer and sale of securities in the Centra ICO. By doing so, Defendants violated and aided and abetted Centra’s violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”), and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder.

3. The Centra ICO was an illegal offering of securities for which no registration statement was filed with the Commission or was then in effect, and as to which no exemption from registration was available. The Centra ICO was a generalized solicitation made using statements posted on the internet and distributed throughout the world, including in the United States, and the securities were offered and sold to the general public, including to United States investors, in this district and elsewhere.

4. Centra raised funds from investors to create the “Centra Line” of products, a purported financial services system that would enable holders of various hard-to-spend “cryptocurrencies” to convert their assets easily into legal tender, such as U.S. dollars, and spend “cryptocurrencies” in real time with the Visa- and Mastercard-backed “Centra Card.”

5. Specifically, Defendants claimed in promotional materials on Centra's website, in various social media platforms, and in other Centra offering materials, that Centra offered a physical "crypto debit card" backed by Visa and Mastercard that was connected to a virtual "smart wallet" via an Apple or Android smartphone application.

6. Defendants also claimed that – through Centra's "partnerships" with Visa, Mastercard, and The Bancorp – the Centra wallet, debit card and application would allow users to exchange, withdraw, or spend "cryptocurrencies" anywhere in the world that accepts Visa and Mastercard.

7. Defendants created, reviewed, and distributed marketing materials promoting Centra and the ICO, which claimed that the CEO and Co-Founder of Centra was an experienced businessman named "Michael Edwards," and Sharma stated in a public interview that "Edwards" invested "a lot of capital originally" to help establish Centra.

8. Defendants also claimed directly and through Centra's marketing materials that the "Centra Token Rewards Program" entitled investors to share in Centra's future earnings. Specifically, Defendants claimed that token holders would be paid "rewards" or a "dividend reward" of 0.8% of the total revenue that Centra earned through its "revenue share" agreement with Visa and Mastercard.

9. Contrary to Defendants' false representations, and as Defendants knew or recklessly disregarded: (i) Centra did not have any "partnership" or other relationship with Visa, Mastercard, or The Bancorp; (ii) "Michael Edwards" and other Centra executives pictured in its promotional materials were fictional, and the photographs used to identify the fictional executives were photos taken from the internet or pictures of other individuals; and (iii) investors

who purchased Centra Tokens would *not* receive future payments or “revenue share” from agreements with Visa or Mastercard.

10. The foregoing false and misleading statements, as well as additional false and misleading statements described below, appeared variously on the company’s website and in versions of white papers (“White Papers”) issued and updated by Defendants in connection with the offer and sale of its securities during the Centra ICO, as well as in numerous other online fora such as social media, websites, and press releases.

VIOLATIONS

11. By engaging in the conduct set forth in this Complaint, Defendants engaged in and are engaged in ongoing securities fraud in violation of Section 17(a)(1)-(3) of the Securities Act [15 U.S.C. § 77q(a)(1)-(3)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5(a)-(c) thereunder [17 C.F.R. § 240.10b-5(a)-(c)], and, without a registration statement being in effect or filed, Defendants engaged and are engaged in the unlawful sale and offer to sell securities in violation of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c)].

NATURE OF THE PROCEEDING AND RELIEF SOUGHT

12. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

13. Through this action, Commission seeks a judgment: (a) permanently enjoining Defendants from engaging in acts, practices and courses of business alleged herein; (b) ordering Defendants to disgorge their ill-gotten gains and to pay prejudgment interest thereon; (c) imposing civil money penalties on Defendants pursuant to Section 20(d) of the Securities Act [15

U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]; (d) prohibiting Defendants, pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], from acting as an officer or director of any public company; and (e) prohibiting Defendants, pursuant to Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)], from participating in any offering of digital or other securities.

JURISDICTION AND VENUE

14. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa]. Defendants, directly or indirectly, have made use of the means or instruments of transportation or communication in, and the means or instrumentalities of, interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business alleged herein.

15. Each of the investments offered in the Centra ICO as described in this Complaint is an investment contract and, therefore, a “security” as that term is defined under Securities Act Section 2(a)(1) [15 U.S.C. § 77b(a)(1)] and Exchange Act Section 3(a)(10) [5 U.S.C. § 78c(a)(10)].

16. Venue is proper in the Southern District of New York pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Several victims of Defendants’ scheme reside in the Southern District, and Defendants utilized a digital asset exchange located in the Southern District to exchange digital assets fraudulently obtained in the Centra ICO for U.S. dollars.

FACTS

I. Defendants

17. **Sohrab “Sam” Sharma**, age 26, resides in Florida, and is a founder of Centra and held various titles at the company including President and Chief Technology Officer. On October 31, 2017, Centra announced that Sharma was resigning in an official capacity to “support the continued growth of the Company.” At the time of its formation, Sharma had a 100% ownership interest in Centra. Sharma was arrested by agents of the Federal Bureau of Investigation (“FBI”) on April 1, 2018.

18. **Robert Farkas**, age 31, resides in Florida, and is a founder of Centra and held various titles at the company including Chief Operating Officer and Chief Marketing Officer. On Centra’s website and other promotional materials as well as his personal LinkedIn profile, Farkas described his role at Centra as being “[r]esponsible for keeping the public informed of each and every move involved with the Centra Card, Centra Wallet, cBay.io and the Currency Conversion Engine (CCE) Module.” Farkas was arrested by agents of the FBI on April 1, 2018.

19. **Raymond Trapani**, age 26, resides in Florida, and is a founder of Centra and held various titles at the company including Chief Operating Officer and “Strategic Manager.” On October 31, 2017, Centra announced that Trapani was resigning in an official capacity to “support the continued growth of the Company,” but Trapani is still listed as an “Adviser” to the company on his LinkedIn profile. Trapani was arrested by agents of the FBI on April 20, 2018.

II. Other Relevant Entities

20. **Centra Tech, Inc.** was incorporated under the laws of Delaware in July 2017, with its stated principal place of business in Miami, Florida. Neither Centra nor its securities are registered with the Commission.

III. Background on ICOs

21. An ICO is a fundraising event in which an entity offers participants a unique digital asset, often referred to as a “coin” or “token,” in exchange for consideration (often in the form of other digital assets – most commonly Bitcoin and Ether – or fiat currency). The tokens are issued on a “blockchain” or cryptographically-secured ledger.¹

22. Generally, a token may entitle its holders to certain rights related to a venture ~~underlying the ICO, such as rights to profits, shares of assets, rights to use certain products or~~ services provided by the issuer, and/or voting rights. These tokens may also be listed on online platforms, often called exchanges, and are tradable for other digital assets or fiat currencies. Often, the tokens are immediately tradable.

23. ICOs are typically announced and promoted through public online channels. Issuers usually release a “white paper” describing the project and the terms of the ICO. To participate, investors are generally required to transfer funds (often Bitcoin or Ether) to the issuer’s digital address, online wallet, or other account. After the completion of the ICO, the issuer will distribute its unique “tokens” to the participants’ unique address on the blockchain.

¹ A blockchain is a type of distributed ledger, or peer-to-peer database spread across a network, that records all transactions in the network in theoretically unchangeable, digitally-recorded data packages called blocks. Each block contains a batch of records of transactions, including a timestamp and a reference to the previous block, linking the blocks together in a chain. The system relies on cryptographic techniques for secure recording of transactions. A blockchain can be shared and accessed by anyone with appropriate permissions. Blockchains or distributed ledgers can also record what are called smart contracts, which essentially are computer programs designed to execute the terms of a contract when certain triggering conditions are met.

IV. Defendants Fraudulently Raise Funds Through the Centra ICO

A. Background

24. In July 2017, Sharma caused Centra to be incorporated. At the time, he was the sole Director of Centra and was also authorized to issue shares of capital stock of Centra in his sole discretion. Shortly after its incorporation, Sharma launched Centra's website, <https://centra.tech/>.

25. Sharma, Farkas, and Trapani, co-founded Centra.

26. Sharma oversaw and was intimately involved in all aspects of Centra's operations, including its website, marketing, and strategy. For example, Sharma often directed various design and technology employees of Centra to make changes to the company's website and White Papers. Sharma frequently communicated with investors and prospective investors in the Centra ICO and served as the primary public face for the company, often giving interviews with influential cryptoasset bloggers.

27. In this capacity, Sharma made misrepresentations to Centra investors and prospective investors, including by directing investors to the Centra promotional materials which he knew contained numerous false statements concerning the company and its purported business.

28. Sharma also oversaw the payment of Centra's expenses. Prior to the company establishing its own bank account, Sharma paid certain costs out of an account for a business he had previously created, Sharma Technology. Sharma also served as an administrator for certain Centra social media accounts, including the company's Facebook page.

29. Farkas was responsible for marketing the Centra ICO and helped oversee Centra's social media presence as well as the Centra Token's listing on various digital asset exchanges.

Farkas also assisted Sharma with general management of the company, including the administration of Centra's email address for responding to questions and complaints from Centra Token investors. Farkas also oversaw specific edits to certain Centra promotional materials.

30. Trapani was involved in all aspects of Centra, including the promotional campaigns designed to help sell its unregistered securities. Trapani was responsible for a variety of issues relating to the fraudulent offering, including managing the distribution of Centra Tokens to investors and responding to individual investors' questions and complaints concerning

the offering. In this capacity, Trapani made misrepresentations to prospective and actual investors, and also directed them to the Centra website, which he knew – or was reckless or negligent in not knowing – contained additional false statements.

31. Trapani also directed specific revisions to Centra's website and other marketing materials, and helped manage day-to-day activities of Centra, including hiring employees; obtaining office space; and handling various other operational tasks.

32. As such, Sharma, Farkas, and Trapani were the masterminds behind the Centra fraud, including the creation of Centra, the marketing and promoting of the Centra ICO, and supervising virtually all actions taken by the company relating to the Centra Token offering.

B. The Fraudulent Centra ICO

33. Centra's unregistered securities offering began on approximately July 30, 2017, shortly after the company was incorporated, and continued through approximately October 5,

2017. The Centra ICO took place after the Commission's DAO Report of Investigation, which warned the industry that digital securities can be, and often are, securities. Report of Investigation Pursuant To Section 21(a) Of The Securities Exchange Act of 1934: The DAO, (Exchange Act Rel. No. 81207) (July 25, 2017).

34. The Centra ICO included a so-called “pre-sale” of tokens in July and August, and an “official” or “public” sale that ran through September and October.

35. The White Papers described the Centra ICO as a token offering for which 400 Centra Tokens would be sold for 1 Ether. As a result of the offering, Centra and Defendants raised at least \$32 million from thousands of investors, and its unregistered securities were distributed throughout the world, including to investors located in the United States, in the Southern District of New York, and elsewhere.

36. The Centra Token began trading on various digital asset exchanges as early as August 2017, well before the ICO was complete. The Centra Token initially traded on one such exchange at only approximately \$0.15 per token, but as the company’s promotional campaign drove increasing investor interest to the ICO, the Centra Token became listed on 8 to 10 different exchanges and the token price peaked at more than \$6 per token in August 2017. Since its peak, the price of the Centra Token has traded down, and it was listed at approximately \$0.30 per token at the time of Sharma’s and Farkas’ arrests. It currently lists at approximately \$0.017 per token.

37. According to the White Papers, the purpose of the Centra ICO was to raise capital to enable Centra to complete and operate what it termed the “world’s first Multi-Blockchain Debit Card and Smart and Insured Wallet,” a financial system that would, purportedly, allow holders of various hard-to-spend “cryptocurrencies” to easily convert their assets into legal tender, and spend these “cryptocurrencies” in “real-time” using a Visa or Mastercard backed “Centra Card.”

38. According to the Centra website, White Papers, and other marketing materials, Centra purported to have developed an “integrated Cryptocurrency Marketplace & Commerce

Solution,” using a “Centra Card,” a “cBay Marketplace,” a Centra Wallet, and a “Currency Conversion Engine & Exchange Platform.”

39. Centra claimed to offer a financial services system that enables users to safely store most major “cryptocurrencies,” convert them into legal tender such as U.S. dollars, and spend them in “real time.” The services included “a Crypto debit card for Bitcoin, Ethereum & more.” The debit card was to be connected to a smart wallet that supports multiple digital assets, and users would have the ability to access the wallet and digital assets via a smartphone.

application. All assets stored on the Centra wallet would be “safe, secure” and “fully insured.”

40. Through Centra’s claimed partnerships with Visa, Mastercard, and The Bancorp, the wallet, debit card, and smart phone applications allowed users to exchange, withdraw, or spend digital assets in the U.S. and all over the world in real time, with zero fees and no exchange rate. The marketing materials also claimed that Centra’s future services would include a platform called Coin Bay, which will be “the world’s first Amazon style superstore designed to make crypto currency acceptable.”

41. According to its marketing materials, at the time of the ICO Centra was also in the “final stages” of launching its Centra Network Exchange, which would allow users the ability to “buy/sell/trade” all supported digital assets, including Centra’s own CTR Token.

42. Once the ICO had launched, prominently displayed near the top of the Centra’s website was a button that transferred users to the “Token Sale,” where they were urged to “BUY

TOKENS NOW INSTANTLY.” Several links throughout the website also transferred users to the White Papers and encouraged them to read the document.

43. Clicking on the “Token Sale” button led users to a page through which they could transfer funds to Centra using the digital assets Ether, Bitcoin, and Litecoin.

44. The link to the White Papers led to a PDF document that contained additional statements about the supposed Centra Token. For example, the White Papers described the purchase of the Centra Token as a chance to “join our success and mission while generating a profit.”

45. The investments offered during the Centra ICO were “securities” within the meaning of Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(10) of the Exchange Act [15 U.S.C. § 78c(a)(10)].

Centra White Papers and Social Media Posts

46. To generate investor interest in Centra’s line of products and its ICO, almost immediately after Centra was formed and its website created, Defendants began publicly releasing various versions of so-called White Papers promoting Centra and the ICO to investors. The White Papers were made publicly available to investors on the Centra website, and by linking to the White Paper from various social media platforms promoting Centra or ICOs generally.

47. At various times, each Defendant directed investors, potential investors, and potential business partners to the White Papers, or to Centra’s website, which prominently featured the White Papers and promoted the ICO. Sharma and Farkas also circulated copies of the White Papers to exchanges on which Centra hoped to list the Centra Token.

48. Sharma controlled the White Papers, and was involved at every level in editing and revising each version, as well as when Centra posted a particular draft of the White Papers or took them down. He was also involved in even the minute details of editing the White Papers, including selecting graphics, fonts and typefaces and the colors used.

49. Sharma likewise oversaw the development and revision of Centra's website, including, for example, directing the developers to make edits, and checking whether links worked.

50. Farkas was also involved in reviewing and editing the Centra website as well as in Centra's social media presence, by, among other things, directing the developers to make specific revisions to the website and improve the appearance of Centra's Twitter posts.

51. ~~Trapani was also involved in reviewing and editing the White Papers, the Centra~~
website, and the various social media platforms Defendants used to promote Centra. For example, Trapani directed Centra's developers to create and revise the website and White Papers and to make specific changes to how the information was presented.

52. Defendants began promoting the Centra ICO as early as July 2017 through press releases and posts to social media, among other formats. For example, in a press release posted to Bitcoin.com entitled *PR: Centra Tech Announces ICO, Centra Card, & Insured Wallet*, Defendants claimed that the "Centra Card works anywhere that accepts Visa and Mastercard," and touted the Centra ICO as "truly a ground floor opportunity."

53. Defendants also aggressively touted the Centra ICO on various social media platforms, including Twitter, Instagram, and Facebook. For example, in an attempt to generate interest in the upcoming ICO "pre-sale," which reportedly ran from approximately July 30, 2017 through August 5, 2017, Centra posted to Twitter on July 22, 2017 via its handle (@centra_card),

~~"I just published 'How to Participate in the Centra ICO?'" and linked to instructions about how~~
to purchase the Centra Token. On July 30, 2017, Centra tweeted "The Centra Tech Public Pre-Sale ICO is now open. Contribute between now and 8/5/2017 to get a 25% Bonus!"

54. As part of these promotions, Defendants created pseudonymous online identities and used them in online chat rooms or bulletin-board forums such as Reddit to promote the Centra ICO or to harass or bully posters critical of Centra. For example, in a text message conversation with Sharma on or about August 13, 2017, Trapani discussed his response to critical online commenters and explained that he was using a pseudonym for his posts: "I'm kingbit26 they don't know who that is." When users started posting additional comments critical of Centra on August 26, Sharma texted Trapani to "[h]op in the ethe[r] delta chat and shut people up," to which Trapani responded "Ok." Sharma later directed Trapani to use the "mike" pseudonym with another critic of Centra, which Trapani did.

55. Defendants also paid for positive commentary on their marketing materials to generate additional hype for the offering. In September 2017, for example, Sharma texted Trapani and Farkas: "When one of you guys wake up plz boost our video. Buy likes comments. The most we can Let's get it pumping." Farkas responded that he was "[o]n it," and later boasted that his efforts had "[b]oosted the f[***] out of it."

56. Defendants also tried to intimidate online critics with threats – or instead bribe them with Centra Tokens – to remove unfavorable posts or videos. In August 2017, for example, Defendants discussed by text message a critical video that had been posted about Centra. Farkas asked whether Sharma had successfully bribed the poster to remove the post, and Sharma responded "Yea 2k CTR [Tokens]." Sharma explained the nature of this bribe: "To him it's 2 racks. To us its air Lol."

57. At this time Centra Tokens traded on various exchanges at approximately \$1 per token, meaning Sharma paid the poster roughly \$2,000 to remove the critical post. And, as part

of the ICO, Centra issued 100 million tokens, meaning Defendants had an abundant supply of Centra Tokens with which they could bribe critics of the company.

58. Similarly, on September 3, 2017, Trapani threatened to sue an individual for trademark infringement if he did not take down a YouTube video critical of the company. When his threats were unsuccessful, Trapani instead complained to the poster that the YouTube videos were “detrimental to new contributors as your video comes up right after ours” on YouTube, and offered to pay the poster to remove the video. The poster agreed to the payment, and removed

the video critical of Centra.

Centra’s “Bounty Program”

59. To generate additional interest in the ICO, Defendants also created a so-called “Bounty Program” to entice third-party promoters to tout the Centra ICO in social media, including on Reddit and similar bulletin board channels dedicated to digital assets, ICOs and blockchain.

60. Centra promised to compensate bounty participants in Centra Tokens for successful articles, “quality reviews,” posts, “likes,” and similar activity touting Centra and its ICO, and reserved a “Bounty Pool” which reportedly represented 2% of the total Centra Tokens issued by Centra, or 2 million tokens, for this purpose.

61. Trapani was primarily responsible for overseeing important aspects of the Bounty Program, including verifying that bounty participants actually touted the ICO, and delivering the

~~Centra Tokens in payment for the promotions.~~

Paid Celebrity Promotions

62. Defendants also paid celebrities to promote Centra’s ICO on social media, which they did at various times over September and October 2017, just before and contemporaneous

with the so-called “public” ICO offering of CTR Tokens. On September 18, 2017, for example, one celebrity Centra promotor tweeted: “Centra’s (CTR) ICO starts in a few hours. Get yours before they sell out, I got mine,” which Centra re-tweeted on its official Twitter handle. These celebrity posts – which generated significant interest in the ICO – did not disclose that Centra paid the celebrities significant compensation in exchange for their promotion of the offering.

63. When he was contacted by a Fortune magazine reporter about the celebrity promotions of Centra, Trapani claimed that two well-known celebrities had each been hired as a “managing partner” of Centra. When the reporter asked whether several posts to social media by one celebrity were part of a sponsorship or paid advertisement, Trapani responded, falsely: “No [he] is an official brand ambassador and managing partner of Centra Tech now.” In reliance on this false claim, on September 28, 2017, Fortune published an article quoting Trapani and reporting that these well-known celebrities had each been hired by Centra as a “managing partner.”

64. Shortly thereafter, Farkas tweeted “another one!!” on Centra’s official Twitter feed, and linked to the Fortune article.

Market Manipulation

65. Defendants also manipulated the price of the Centra Token in the weeks leading up to the ICO. Defendants’ manipulative trading was intended to generate interest in the company and to ensure that prospective investors were not discouraged by the Centra Token price – which was then trading on public exchanges between approximately \$.15 and \$.50 per token on limited trading volume – or by public comments that were negative of Centra and its purported products. As Sharma explained to Trapani in late August 2017, “[c]an’t have more

FUD [fear, uncertainty and doubt] . . . There's FUD around[.] Mainly about price." Defendants undertook this manipulative trading knowingly, recklessly, or negligently.

66. As one example of Defendants' manipulations, over August 26 and 27 Sharma and Trapani engaged in a concerted effort to manipulate the CTR Token price higher. On August 27, 2017, for example, Sharma instructed Trapani to artificially increase the Centra Token price: "Ray keep bumping the price. Do [larger] buys." Trapani responded "what size," to which Sharma explained "10 ETH plus" and Trapani agreed. Later that same day, Sharma again instructed Trapani to make additional large purchases, to which Trapani responded "yeah I am doing big buys." That evening, Sharma noted with approval that "we already pushed the price higher By doing that pump[.] Naturally We gotta keep doing that[.] Price is rising." The next day when Sharma noticed that Trapani was making additional large purchases, he directed Trapani to make the purchases at higher prices: "Gotta do higher than 60," Sharma instructed, and then made clear that he should make the buys at \$0.80 per token. Trapani agreed, after which Sharma responded that they should "[g]et . . . [r]eady for the pump Lol."

67. When the pump was completed, Sharma messaged Trapani that they had "[b]urned through like 250 ETH" – or approximately \$75,000 – and moved "the price higher by 30%."

68. Based on publicly available market data, Trapani and Sharma's efforts to manipulate the Centra Token price were successful. During August 26 – 28, 2017, the price of the Centra Token went from approximately \$0.50 per token to over \$1, and on August 27 the closing price was \$6.91 – which represents the highest closing price ever recorded for Centra Tokens. In addition, while trade volume in early August ranged anywhere from 2,000 to 50,000

transactions per day, on August 26, 2017 the trade volume increased to well over one million tokens traded.

V. Defendants' Material Misrepresentations and Omissions Regarding Centra

69. In addition to their failure to register the Centra ICO with the Commission as a securities offering, Defendants also made false and misleading statements and omissions in the promotional materials accompanying Centra's ICO. Defendants made these misleading statements and omissions knowingly, recklessly, or negligently.

70. Specifically, Defendants made numerous false or misleading representations and omissions regarding: (1) Centra's partnerships with credit card companies and relationships with other key financial institutions; (2) Centra's state licenses; (3) certain Centra executives; and (4) a profit-sharing "reward" paid to investors in the form of a dividend.

A. Defendants' Fraudulent Claims Regarding Key Financial Institutions

False Claimed "Partnership" with Visa and Mastercard

71. Much of Centra's initial appeal – and a significant source of potential value to prospective investors and investors – was due to the company's claim that the Centra Card would operate on the Visa and Mastercard networks and allow users to make "real time" transactions with their "cryptocurrency" holdings. As a result, these digital assets could then be utilized around the world by anyone with a Centra Card.

72. To emphasize this connection, Defendants displayed images of the Centra Card emblazoned with the Visa logo throughout its website, White Papers, social media accounts, and other fora, and frequently referenced the company's purported relationship with Visa and MasterCard in public statements and marketing materials.

73. For example, a White Paper publicly available on the Centra website in July 2017 (the “July White Paper”) prominently touted Defendants’ claimed “partnership” with Visa and Mastercard. The July White Paper contained:

- a. a statement that: “For our United States clients, the Centra Card will be a Visa card, while for international users the Centra card issued will be a Mastercard,” and that, “[w]ith a market cap of cryptocurrencies exceeding \$100 billion, the time is ripe to introduce a cryptocurrency-based marketplace where customers can use Centra Debit Card anywhere in the world that accepts Visa.”
- b. a “Centra Tech Road Map” detailing Centra’s “milestones” and accomplishments to date. Among other milestones, the roadmap stated that in January 2017 Centra “signed [a] licensing agreement with Visa USA” and formed a “major banking partnership.”
- c. images of a Centra Card with the Visa and Mastercard logos boldly displayed next to Centra’s own logo—a gold coin with a “C” in the middle. It also devoted a full half-page to a large graphic displaying the Visa, Mastercard and The Bancorp logos under the heading, “Centra Tech Partners.”
- d. Statements that the Centra Black Card “founders’ edition” – Centra’s exclusive card purportedly reserved for the first 500 ICO investors who invested at least 100 Ether (approximately \$25,000 as of July 2017) – (i) was “backed by Visa,” (ii) entitled the card holder to “rental coverage by Visa,” and (iii) had “protection [sic] 50K by Visa.”

74. In an interview on the podcast "Neocash Radio" on August 14, 2017, Sharma touted Centra's relationships with Visa and Mastercard, explaining that: "Internationally we currently have our license with Mastercard to service international clients, domestically we have a Visa partnership, so we're able to issue Visa cards domestically, and Mastercards internationally." Sharma's personal Twitter account also falsely linked the Centra Card to Visa by displaying a picture of a black Centra Card with a Visa logo.

75. Farkas similarly touted the connection between the Centra Card and Visa and Mastercard. As part of his attempt to purchase several promotional articles from an online marketer, on or about September 6, 2017, Farkas emailed the promoter that Centra's currency conversion module "give[s] the user the ability to spend their assets in real time anywhere in the world that accepts Visa or Mastercard."

76. On October 13, 2017, Farkas emailed Sharma his edits to an investor pitch deck dated August 15, 2017, promoting Centra and its ICO. The pitch deck stated, among other things, that: (i) the Centra Card gives users "[a]ccess to more than 36 Million Points of Sale wherever Visa and/or Mastercard is accepted"; (ii) the Centra Card was "issued" by "Mastercard and Visa;" and (iii) Centra in January 2017 had a "Major Banking Partnership and license agreement signed with VISA USA Inc."

77. When responding to individual investor questions, Trapani also knowingly misled investors into thinking that the "Centra Card" and other financial services purportedly offered by Centra were real. He directed investors to visit Centra's website, which claimed prominently that the Centra Cards were issued by Visa and Mastercard. In addition, in August 2017 an investor emailed Trapani asking whether the Centra Smart Wallet—purportedly an application downloadable from Apple and elsewhere that was linked to the Centra Card and allowed users to

transfer and spend digital assets – had been launched yet. Despite knowing that no Centra applications or products existed, Trapani responded, falsely, “it’s launched” and “I use my app and Centra Card for everything I do.”

78. Neither Visa nor Mastercard, however, had any relationship or partnership with Centra, and certainly none where Centra was authorized to issue, sell, or otherwise distribute Visa or Mastercard credit or other payment cards.

~~79. Defendants were aware, were reckless in not knowing, or were negligent in not~~
 knowing that Centra had no relationship with Visa or Mastercard at the time of the Centra ICO. Indeed, the Defendants acknowledged amongst themselves the extent of their deception in late September 2017 after the Commission filed an ICO-related enforcement action charging violations of the securities offering registration and anti-fraud provisions in *SEC v. REcoin Group Foundation, LLC et al.*, 17-civ-05725 (E.D.N.Y., filed Sep. 29, 2017). That day, Sharma sent a series of text messages to Trapani and Farkas making clear that Centra had no agreement or other relationship with Visa specifically, and directing Trapani and Farkas to clean the company’s promotional materials of various false claims including all references to Visa.

80. For example, prompted by the announcement of the *REcoin* action, Sharma texted Trapani and Farkas that the “Sec just shut down REcoin. Read the article. We gotta clean up every single thing that we can’t do [a]nd can’t offer today ... Delete all the cards have shipped info” – a reference to ~~Defendants’ false marketing claims that Centra Cards had already been~~
~~shipped to investors. “Everything gotta get cleaned up.” As part of this “cleanup,”~~ Sharma later texted Trapani and Farkas to “remove the card with the visa logo on it” from the Centra website, and “also remove white paper from website for now. ... I think it’s best to take the white paper offline.” When Trapani suggested that “we should have white paper up but maybe just take it

down and reword it as proper as possible,” Sharma responded that “I rather cut any fufu Off right [now] Then worry.² Anything that doesn’t exist current[ly] we need to remove [...] do it asap.”

81. Nonetheless, as of October the Centra website continued to prominently display the Visa logos and tout Centra’s purported relationship with Visa.

82. Indeed, on October 10, 2017, Visa sent Centra and Sharma a cease-and-desist notice directing Centra to **“cease-and-desist from using the Visa-Owned Marks and from promoting that it is an authorized distributor of VISA payment cards [and] that any and all uses or references to VISA-Owned Marks or any reference to Visa be immediately taken down from the [Centra website] or from any other online mediums (including social media sites and press releases).”** (Emphasis in original.)

83. Upon his receipt of the Visa cease-and-desist notice, Sharma immediately responded that, “[t]his matter has been brought to my attention. I will have this matter rectified in 48 hours.” Forty-eight hours later, on October 14, Visa issued a second notice to Sharma, stating that “[d]espite your signed acknowledgment and agreement, we are very concerned to still find many continuing unauthorized uses of the VISA trademark connected to your alleged card product that Visa has not authorized ... Without any authorization to use the VISA brand in connection with the function or promotion of its card products, Centra may not directly or indirectly promote or mislead others that its product is a VISA product or works with Visa; that its product is endorsed or backed by Visa; that its product functions with the VISA network, or that it is associated with the highly valued and high-profile VISA brand.”

84. The October 14, 2017 Visa cease-and-desist demand also included a collection of recent screenshots taken of Centra’s website, which continued to prominently display the Visa

² According to www.urbandictionary.com, “fufu” means “fake, not real, not genuine.”

logo and tout Centra's purported relationship with Visa. For example, the material included an October 10, 2017 screenshot of a Centra webpage proclaiming that the Centra "Currency Conversion Engine Module (CCE Module) allows real time conversation of all supported cryptocurrencies to give the user the ability to spend their assets in real time anywhere in the world that accepts Visa or MasterCard."

False Claimed Relationship with The Bancorp

85. In addition to false statements touting its nonexistent relationships with Visa and Mastercard, Defendants also claimed in Centra marketing material that The Bancorp was issuing the Visa- and Mastercard-backed "Centra Card."

86. For example, Centra claimed in a press release on prdnewswire.com on August 25, 2017 that the "Centra Card Visa® Debit Card is issued by The Bancorp Bank, member FDIC, pursuant to a license from Visa, U.S.A. Inc. 'The Bankcorp' [sic] and 'The Bancorp Bank' are registered trademarks of The Bankcorp [sic] Bank © 2014."

87. Defendants' claims concerning The Bancorp were also false and misleading because The Bancorp had no agreement of any kind with Centra.

88. Indeed, when The Bancorp became aware of Centra's false claims that it would issue the Centra Card, the bank issued a strongly worded cease-and-desist dated August 30, 2017 directing Sharma and Centra to "CEASE AND DESIST FROM REPRESENTING THAT THE BANCORP BANK HAS ANY CONNECTION WITH, OR IS THE ISSUER OF ANY CARD PRODUCTS RELATED TO CENTRA TECH [and from] USING OUR LOGO OR OTHER IMAGES IN CONNECTION WITH THE MARKETING OF ANY PRODUCT OR WALLETS YOU OFFER." (Emphasis in original.)

89. Sharma immediately sent The Bancorp cease-and-desist notice to Farkas and Trapani, urgently directing that “[w]e gotta get that s[***] [relating to The Bancorp] removed everywhere and blame freelancers lol.” Shortly thereafter, Sharma sent an email to The Bancorp confirming that he had no relationship with the bank, claiming that it was mistake, and that his “free lancers had dropped the ball on this.”

90. Notwithstanding their explicit knowledge that there was no agreement of any kind for The Bancorp to issue any Visa cards or MasterCard cards in conjunction with Centra, and in fact that Centra had never been a customer or client of the bank, Sharma submitted a forged and fictional Bancorp agreement – complete with a fraudulent signature from a nonexistent Bancorp officer – to a potential large investor in Centra. Specifically, in the process of negotiating an investment from a third-party investment company, Sharma emailed what purported to be a contract representing Centra’s banking relationship and agreement with The Bancorp. This investment company subsequently became Centra’s largest investor, investing approximately 40,000 Ether – approximately \$14 million at the time of the investment – in the company.

91. Further, at the time Sharma was attempting to persuade the investment company to invest in Centra, Sharma explicitly acknowledged in private messages to Farkas and Trapani that The Bancorp agreement was fabricated. Sharma texted, for example, that he was “worried about getting these guys the fufu [fake] . . . contract [] because [they] can verify it.

92. Defendants thus knew, were reckless in not knowing, or were negligent in not knowing that Centra had no relationship with The Bancorp, and that the statements made in Centra’s promotional materials and in communications with prospective investors regarding such a relationship were materially false and misleading.

93. Centra's alleged relationships with these entities were material to the investment decisions of investors who participated in Centra's ICO.

94. For example, The Bancorp received numerous phone calls from third parties asking whether the representations on Centra's website were accurate regarding the company's purported relationship with The Bancorp. Similarly, on October 27, 2017 the *New York Times* printed an article concerning the Centra ICO. This article suggested, among other things, that although the Centra Card claimed to operate on the Visa and Mastercard networks, neither company had approved a relationship. (<https://www.nytimes.com/2017/10/27/technology/how-floyd-mayweather-helped-two-young-guys-from-miami-get-rich.html>.) Subsequently, Visa also received numerous calls from concerned Centra ICO investors. In addition, on November 2, 2017, a Centra investor emailed Sharma and demanded a refund of his ICO contributions "based upon your misrepresentation of your association with VISA and Mastercard."

False Claim that Centra would be Listed for Sale on a Digital Asset Exchange

95. Centra also claimed in marketing materials and in communications with prospective investors that its token would be listed on a popular digital asset exchange (the "Exchange"), a statement that was material to investors because listing on a well-known, high-volume trading platform would facilitate secondary trading of the Centra Token and improve the likelihood of its value increasing. For example, on August 25, 2017, in a public chat forum,

Sharma told investors "we will be in [the Exchange] [...] 21 days post ICO." Sharma repeated this misrepresentation to multiple other investors throughout the offering.

96. In fact, Defendants knew that the Exchange had not agreed to list the Centra Tokens, and that it had no plans to list it in the future. For example, in an internal chat conversation between Sharma and Trapani on August 29, 2017, Sharma confirmed that Centra

was not listed on the Exchange, and that he did not think it would be listed on the Exchange in the future. Later in September 2017, Trapani again sought to have Centra listed on the Exchange. Trapani texted Sharma, "I need you to cook me up a bill that says I live at 4611 [referencing a residential address]. For [the Exchange]. Matches my ID." Sharma responded "Don't text me that s[***] lol. Delete." As such, Sharma and Trapani were each aware that Centra had no relationship with the Exchange at the time investors were being told that Centra had an agreement to be listed on the Exchange.

97. This statement was material to investors, one of whom complained to Sharma that he had been duped into understanding that Centra had an agreement with the Exchange to list the Centra Token at \$2, and now that he had discovered this was a false statement, he did not wish to participate in the ICO and requested a refund.

B. Fraudulent Claim that Centra Held State Licenses

98. Centra claimed in its White Papers and other public statements that "Centra Tech holds individual licenses in 38 states" and then proceeded to list the specific locations. According to the White Paper, "[t]hese licenses are held under categories of Money Transmitter, Sales of Checks, Electronic Money Transfers, and Seller of Payment Instruments." In his interview with Neocash Radio on August 14, 2017, Sharma confirmed that the company had licenses in 38 states. In a public chat forum on August 31, 2017, Sharma stated that "[w]e're licensed in 38 states or 36 I have to double check." In fact, at the time of the ICO, Centra held none of the claimed licenses in any of the 38 states.

99. This misrepresentation was material because Defendants claimed that Centra had a suite of financial services, including those that enabled users to exchange various digital assets into U.S. dollars and spend them in "real time" using the Centra Card or Centra Wallet. By

accepting digital assets and exchanging these assets for dollars or other digital assets, Centra's claimed system would likely be subject to federal and state money transmitter licensing requirements, which are required in nearly every state in which money transmission activity takes place. Without the licenses, Centra could not operate as promised.

100. Centra's claim to have obtained money transmitter licenses in 38 states was false and misleading because they did not have licenses in even a single state. Indeed, Defendants ~~complained to each other that they did not have state licenses – and discussed the difficulty of~~ obtaining such licenses – throughout the ICO. At the outset of the company's marketing – and just a week before Centra started offering the Centra Tokens to investors – Sharma texted Trapani that the “licenses are hard to get with my name just cause I have a DUI. Other issue is net worth. Some states want you to be over 100k....” And on September 2, 2017 – more than a month after the start of the offering – when the company still had no licenses, Trapani sent a message complaining that “[a]ll it is, is like we gotta get money transmuting [sic] bonds for all countries and all states . . .”

101. Defendants' deception regarding the state licenses continued even after the offering had ended. In mid-October, for example, Defendants attempted to persuade a small regional bank to issue pre-paid or debit “Centra Cards.” As part of the due diligence process, Centra provided a series of documents purporting to show that Centra held – or had applied to ~~hold – numerous state-issued money transmitter licenses, when it did not hold licenses from any~~ state.

102. ~~For example, to make it appear as though Centra held a license from the state of~~ Delaware, Sharma submitted a forged document to the bank – replete with the official state seal

and signature of the State Bank Commissioner – that purported to grant Centra a Delaware money transmitter license.

C. Defendants Used Fictional Executive Biographies to Promote Centra

103. In order to make the Centra ICO more attractive to prospective investors, Defendants listed in Centra's White Papers and on its website several key executives with impressive work histories and advanced degrees from well-known schools.

104. "Michael Edwards" was listed as the Chief Executive Officer and Co-Founder of Centra. Edwards's LinkedIn profile stated that he had an M.B.A. from Harvard University and an extensive career in banking, first as a Financial Analyst at Bank of America, then as a VP of Business Banking at Chase Bank, and most recently as a Senior VP at Wells Fargo.

105. "Jessica Robinson" was listed as the Chief Financial Officer, and she had purportedly served most recently as the CFO at Johnson Communications for nearly five years.

106. Neither Edwards nor Robinson is a real person. A photo of Edwards used in earlier iterations on Centra's website and in a published White Paper was that of a Canadian professor with no relationship to the company. The picture of Robinson in early iterations on the website and in a published White Paper appears to be a stock photograph, *i.e.*, of an actor. Centra also created fake LinkedIn profiles for Edwards and Robinson, both of which were deleted after an online blogger raised questions regarding the two executives and whether they existed.

107. Defendants knew, were reckless in not knowing, or were negligent in not knowing that neither Edwards nor Robinson was a real person and that neither worked for Centra.

108. Shortly after Centra was incorporated and started marketing the offering, on July 29, 2017, Sharma sent a text message to Trapani noting that he "need[ed] to put real photos on there [the website]. Of the 'team'." Sharma explained that the website "had fufu [fake] people

on there” and had “been getting called out” by a “troller” online who had raised concerns that team members on Centra’s website were not real. As a result, Sharma wanted to “[j]ust rather cover all tracks now” and “fix all my flaws.”

109. That same day, Sharma sent Trapani another message that he “had one girl contact me lol [and] said take my picture off your site.” Sharma then sent Trapani the picture of “Edwards” used in the early White Papers and website and asked: “U know anyone [t]hat looks like this guy . . . I need someone who kinda looks like him[.] I can’t just change him now People are gonna be like wtf.” Later that same day, Sharma reiterated to Trapani that he “need[ed] to find someone who looks like Michael” for the “[t]eam photos.” Soon after, he described the team members on the website to Trapani: “Everyone real Except Jessica And Mike.” Several hours later, Sharma asked Trapani: “Who do we know looks like Jessica Robinson”? Later that evening, Sharma said to Trapani: “Gonna kill both Ceo and her[.] Gonna say they were married and got into an accident.”

110. Trapani caused the image in the White Paper purporting to depict Centra’s fictional CEO “Michael Edwards” to be changed from a photograph of the Canadian professor to a photograph of an unidentified third party.

111. Despite knowing that neither Edwards nor Robinson was a real person, Defendants continued to reference Edwards or Robinson in the White Papers and promotional materials, which they had access to and control over, through at least mid-September.

112. For example, Sharma stated in an interview on or about August 14, 2017, that “Edwards” had invested “a lot of capital originally” to help establish Centra, and also referred to Edwards as a “silent partner” at the company in an email sent to a *New York Times* reporter.

113. Farkas was connected to the LinkedIn profile for “Edwards” prior its deletion. Farkas also edited a version of the Centra investor pitch deck on or about August 15, 2017, that listed “Edwards” as the “VP/Co-Founder” and Robinson as the CFO, and the Defendants were all responsible for several versions of the White Paper published on the Centra website that listed “Edwards” and “Robinson” as members of the Centra team.

114. Even after online commenters raised concerns regarding the legitimacy of “Edwards” and “Robinson,” Defendants continued to affirm that these executives were real people. On August 3, 2017, for example, one Centra critic suggested in a public chat forum that “the pictures on website are not real,” to which Sharma responded “[w]e are 100% Real . . . We are real lol we went live on facebook and said hello.” Several days later, one commenter asked Sharma to “please address the issue on michael edwards picture, the photo just changed today . . .” Sharma blamed the change on a “misclarification from the development team that we were working with” and claimed that “[f]reelancers dropped the ball.” Sharma then promised a live video to demonstrate the legitimacy of the executives: “Myself, Ray, Mike, Jessica, and Robert will be together this evening. I promise you that.”

115. Sharma doubled down on his deception several days later when he claimed that Robinson would answer questions in a live online video: “Our CFO will explain in a long detailed interview . . . See this is why I want our CFO to explain. She will say it clearer. . . Let Jessica explain it.” In the same public chat forum, Sharma continued to respond to investors over the following week by claiming that the company’s CFO would be able to answer various questions. On August 17, Sharma noted that “Jessica has updated the website! Over 12.7M Raised!” After Sharma stated in the public chat forum that Centra would announce a new CEO

in mid-August, one commenter asked “what will mike do?” Sharma responded that “Mike will be a Co-Founder and VP.”

116. In addition to fake LinkedIn profiles of “Edwards” and “Robinson” that Defendants used to promote Centra, Trapani – with encouragement and direction from Sharma – also fabricated his own online profile at a time when he knew potential investors were reviewing the Centra “team,” including Trapani, when deciding whether to invest.

~~117. In late July 2017, as the Centra promotional campaign for the ICO began,~~

Trapani, with Sharma’s assistance, built a fictional online profile of himself that included fake educational and professional accomplishments. Sharma texted Trapani to “[g]o make a linked in [profile] And add as many connections as you can[.] Add yourself to centra tech As COO [sic] And add connections.” Sharma then instructed Trapani to “Google Coo linked in profiles And get all the info,” and also to “[p]ut precious [sic] jobs Like banks etc.” After Trapani apparently listed Harvard University under the “Education” section of his profile, Sharma directed him to “[t]ake Harvard out Do [l]ike university of Georgia. It would [be] too suspect everyone from hRvard [sic].”³ Sharma also told Trapani to “[a]dd a construction company prior[.] I’m putting you as foreman.” In a later series of text messages, Sharma wrote to Trapani that they “[s]hould look into signing up with Harvard Or remove from linked in[.] Don’t want any issues Like centra didn’t do due diligence [sic] On own employees[.] We gotta make sure we cover our asses any way possible.”

~~118. Trapani’s LinkedIn profile from August 2017 reflected that he received a~~
~~Master’s Degree in Operations Management and Supervision from the University of California,~~
~~Los Angeles (“UCLA”) from 2010-2015. In fact, UCLA has never offered a Master’s Degree in~~

³ As noted above, the fake LinkedIn profile for “Michael Edwards” showed that he had obtained an M.B.A. from Harvard University as well.

this subject. Moreover, Trapani's profile also reflected that he served as General Foreman of the New York-based construction company Safway Atlantic during roughly the same period (January 2011 – October 2016) as when he was purportedly in Los Angeles.

119. A later version of Trapani's profile from November had eliminated all references to UCLA, and his work history at Safway Atlantic continued only to October 2014.

120. In short, at Sharma's direction and with his assistance, Trapani created a fraudulent public profile touting nonexistent accomplishments and degrees at a time when they were aware that prospective investors would be evaluating Trapani and his background when deciding whether to invest in the Centra ICO.

D. Defendants Falsely Claimed that Investors Would be Paid a Dividend

121. In the White Papers and in other marketing materials, Defendants touted Centra's spectacular growth potential. For example, one such White Paper stated that "the market capitalization of cryptocurrencies reached a new high of \$102 Billion as of 15 June, 2017, an increase of 1363% since Feb. 19, 2016" and that "[o]ne of the major customer groups of Centra Tech are cryptocurrency holders [who] face difficulty shopping and executing transactions only using cryptocurrencies. They are frequently international shoppers [who would be] taking the most advantage of Centra's CCE (Currency Clearance Engine) and its ability to offer them the best exchange rate instantly." Thus, according to the White Paper, "the time is ripe to introduce a cryptocurrency-based marketplace where customers can use Centra Debit Card anywhere in the world that accepts Visa." The October 2017 pitch deck edited by Farkas and circulated to Sharma also highlighted Centra's strong growth potential and suggested that company revenues would grow to nearly \$12 million by 2021.

122. In connection with touting Centra's growth potential and the benefits of investing in Centra's ICO, the White Papers promised that Centra investors "will receive a 0.8% Eth" – a reference to the digital currency Ether – "reward for every transaction in the network." When Sharma was asked what this meant in a publicly available interview posted to YouTube in August 2017, he responded that, of the money Centra earned from its "revenue share" agreement with Visa and Mastercard, Centra would pay 0.8% back to token holders. In a public chat forum on August 31, 2017, Farkas listed as the first item in "Centra's 5-point Advantage" the fact that "Centra tokens will give .8% returns in Eth quarterly to all CTR [Centra Token] holders based on network usage (not personal purchases)." As such, similar to a dividend, Centra investors were promised a percent of Centra's future revenue stream from its purported partnership with Visa and Mastercard.

123. Defendants knew that the White Papers' claims that Centra intended to pay a dividend-like "reward" to investors were false. For example, in early September 2017, Sharma explicitly acknowledged to a large CTR Token investor that Centra would not pay token holders a 0.8% "dividend reward." In a series of messages between Sharma and the large investor dated September 6, 2017, the investor complained that he relied on this promised 0.8% reward when purchasing CTR Tokens, and stated that he intended to sell all of his Centra Tokens as a result of Sharma and Centra's decision to withhold the 0.8% dividend-like revenue payout.

124. In the exchange, Sharma did not dispute that Centra would not pay the 0.8% dividend, and instead offered to pay the dividend, but only to the investor in a confidential side deal. Sharma stated, "I will extend my offer. My deal to you, and only you since you have been here since the beginning was to extend the whole network reward program to you ... this will guarantee you 0.8% for the whole network as individual program specifically designed for you in

confidence and NDA ... you would get he [sic] 0.8% as if it was a dividend reward.” The investor refused the side-deal and promised payout, and instead sold his Centra Tokens on an exchange.

125. Sharma later forwarded his entire exchange with the investor to Farkas and Trapani. Thus, as of September 6, 2017, all Defendants knew that: (i) the claim in the White Paper that Centra would pay a 0.8% dividend-like reward to investors was false; and (ii) when this particular investor learned the truth, he decided to sell all of his Centra Tokens.

VI. Actions upon Learning of Commission Investigation

126. On or about February 9, 2018, Sharma received a subpoena from the Commission requesting certain documents relating to Centra, including the Centra ICO. On or about February 13, 2018, Farkas received a subpoena from the Commission requesting documents relating to Centra, including the Centra ICO. On or about February 14, 2018, Trapani received a subpoena from the Commission requesting documents relating to Centra, including the Centra ICO. As a result, by mid-February 2018, Defendants knew that the Commission was investigating their activities in connection with the Centra ICO and promotion of Centra products.

127. As of March 30, 2018, Centra’s bank accounts were depleted and most of its employees had been terminated. Upon information and belief, a digital address holding digital assets raised in the ICO had not been depleted.

128. Farkas made flight reservations to leave the United States on or about April 1, 2018. Before Farkas was able to board his flight, he was arrested by United States criminal authorities.

129. Sharma was also arrested on April 1, 2018.

130. Trapani was arrested on April 20, 2018.

FIRST CLAIM FOR RELIEF
Violations of Section 10(b) of the Exchange Act
and Rule 10b-5(a)-(c)
Against all Defendants

131. The Commission realleges and incorporates by reference paragraphs 1 through 130 of its Complaint.

132. By virtue of the foregoing, Defendants, directly or indirectly, by the use of the means and instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly, employed devices, schemes, or artifices to defraud, made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and engaged in acts, practices, and courses of business which operate or would operate as a fraud or deceit.

133. By virtue of the foregoing, Defendants violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5(a)-(c) [17 C.F.R. § 240.10b-5(a)-(c)], promulgated thereunder.

SECOND CLAIM FOR RELIEF
Violations of Section 17(a)(1)-(3) of the Securities Act
Against all Defendants

134. The Commission realleges and incorporates by reference paragraphs 1 through 130 of its Complaint.

135. By virtue of the foregoing, in the offer or sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, Defendants: (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances

under which they were made, not misleading; and/or (c) engaged in transactions, practices or courses of business which operate or would operate as a fraud or deceit upon the purchaser.

136. By reason of the conduct described above, Defendants, directly or indirectly violated and, unless enjoined will again violate, Securities Act Section 17(a)(1)-(3) [15 U.S.C. § 77q(a)(1)-(3)].

THIRD CLAIM FOR RELIEF
Violations of Sections 5(a) and 5(c) of the Securities Act
Against all Defendants

137. The Commission realleges and incorporates by reference paragraphs 1 through 130 of its Complaint.

138. By virtue of the foregoing, (a) without a registration statement in effect as to that security, Defendants, directly and indirectly, made use of the means and instruments of transportation or communications in interstate commerce and of the mails to sell securities through the use of means of a prospectus, and (b) made use of the means and instruments of transportation or communication in interstate commerce and of the mails to offer to sell through the use of a prospectus, securities as to which no registration statement had been filed.

139. By reason of the conduct described above, Defendants, directly or indirectly violated and, unless enjoined will again violate, Securities Act Sections 5(a) and 5(c) [15 U.S.C. §§ 77e(a) and e(c)].

FOURTH CLAIM FOR RELIEF

**Aiding and Abetting Centra's Violations of Sections 5(a), 5(c), and 17(a)
of the Securities Act, and Section 10(b) of the Exchange Act
and Rule 10b-5 Thereunder
Against all Defendants**

140. The Commission realleges and incorporates by reference paragraphs 1 through 130 of its Complaint.

141. By virtue of the foregoing, Defendants provided knowing or reckless substantial ~~assistance to Centra, which, directly or indirectly, singly or in concert with others, in connection~~ with the purchase or sale of a security, with scienter, used the means or instrumentalities of interstate commerce, or of the mails, to make untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and without a registration statement in effect as to that security, directly and indirectly, made use of the means and instruments of transportation or communications in interstate commerce and of the mails to sell securities through the use of means of a prospectus.

142. By virtue of the foregoing, Defendants aided and abetted and, unless restrained and enjoined, will continue aiding and abetting, violations of Sections 5(a), 5(c), and 17(a)(1)-(3) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c), 77q(a)(1)-(3)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5(a)-(c) [17 C.F.R. § 240.10b-5(a)-(c)] promulgated ~~thereunder, in violation of Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].~~

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court grant the following relief, a Final Judgment:

I.

Permanently restraining and enjoining the Defendants, and each of their respective agents, servants, employees, attorneys and other persons in active concert or participation with each of them who receive actual notice of the injunction by personal service or otherwise from any future direct or indirect participation in any offering of unregistered securities, from any future violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. § 77e(a), 77e(c)], and from any future violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5] issued thereunder;

II.

Directing each of the Defendants to disgorge all ill-gotten gains, including prejudgment interest thereon;

III.

Directing each of the Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];

IV.

Permanently barring each of the Defendants from serving as an officer or director of any public company pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)], and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)];

V.

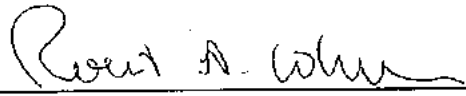
Permanently prohibiting each of the Defendants from participating in any offering of digital or other securities; and

VI.

Such other and further relief as this Court deems just and appropriate.

Dated: New York, New York
April 20, 2018

SECURITIES AND EXCHANGE COMMISSION

By: 

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Exhibit F

Exhibit F

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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:
UNITED STATES OF AMERICA, :
:
Plaintiff, : 18-MJ-02695 (UA)
:
v. : April 25, 2018
:
ROBERT FARKAS, et al., : 500 Pearl Street
:
Defendant. : New York, New York
:
-----X

TRANSCRIPT OF CIVIL CAUSE FOR BAIL HEARING
BEFORE THE HONORABLE ONA T. WANG
UNITED STATES MAGISTRATE JUDGE

APPEARANCES:

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For the Defendant: DANIEL JAMES HORWITZ, ESQ.
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Court Transcriber: SHARI RIEMER, CET-805
TypeWrite Word Processing Service
211 N. Milton Road
Saratoga Springs, New York 12866

Proceedings recorded by electronic sound recording,
transcript produced by transcription service

1 THE CLERK: Good evening. This is United States v.
2 Farkas, 18-MJ-2695. Counsel, can I have your appearances for
3 the record please?

4 MS. TEKEEI: Good evening, Your Honor. Negar Tekeei
5 on behalf of the United States. And joining me at counsel's
6 table is Special Agent Brandon Raz [Ph.] with the FBI.

7 THE COURT: Okay. Good evening.

8 MR. HORWITZ: Good evening, Your Honor. From
9 McLaughlin and Stern, 260 Madison Avenue, New York, New York,
10 10016, by Daniel J. Horwitz, for the defendant for arraignment
11 only.

12 THE COURT: Okay. Good evening. And good evening
13 Mr. Farkas. Please be seated. Mr. Farkas, are you able to
14 speak and understand English?

15 THE DEFENDANT: Yes, your Honor.

16 THE COURT: Okay. Can I have the date and time of
17 arrest?

18 MS. TEKEEI: Your Honor, the defendant arrived here
19 via Marshal's transport either late yesterday evening or early
20 this morning. He was originally arrested in the Southern
21 District of Florida on April 1st and ordered removed here on
22 April 5, 2018. He was ordered detained without prejudice to
23 making a future bail application upon arriving here.

24 THE COURT: Okay. I am Judge Wang. You are here
25 because you were charged with certain crimes by a complaint

1 supported by an affidavit. Do you have a copy of the
2 complaint?

3 THE DEFENDANT: Yes, your Honor.

4 THE COURT: Okay. The purpose of today's proceeding
5 is to advise you of certain rights that you have, inform you
6 of the charges against you and consider whether counsel should
~~7 be appointed for you and decide under what conditions, if any,~~
8 you shall be released pending bail.

9 I'm now going to explain certain constitutional
10 rights that you have. You have the right to remain silent.
11 You're not required to make any statements. Even if you have
12 already made statements to the authorities you do not need to
13 make any further statements. Any statements that you do make
14 can be used against you. You have the right to be released
15 either conditionally or unconditionally pending trial unless I
16 find that there are no conditions that would reasonably assure
17 your presence at future court appearances and the safety of
18 the community.

19 If you're not a United States citizen, you have the
20 right to request that a government attorney or law enforcement
~~21 official notify a consular officer from your country of origin~~
~~22 that you've been arrested. In some cases a treaty or other~~
~~23 agreement may require the United States government to give~~
24 that notice whether you request it or not. You have the
25 right to be represented by an attorney during all court

1 proceedings including this one, and during all questioning by
2 the authorities. You have the right to hire your own
3 attorney. If you cannot afford an attorney I will appoint one
4 today to represent you. Do you understand your rights as I've
5 just explained them?

6 THE DEFENDANT: Yes, Your Honor.

7 THE COURT: And I understand that Mr. Horwitz is
8 retained counsel, is that right?

9 MR. HORWITZ: Yes, your Honor.

10 THE COURT: I have before me a complaint containing
11 the charges against you in this case. The charges include
12 conspiracy to commit securities fraud, securities fraud,
13 conspiracy to commit wire fraud, and wire fraud. Mr. Horwitz,
14 have you received a copy of the complaint?

15 MR. HORWITZ: Yes, I have, Your Honor. I have
16 conferred with my client about it. We waive the formal
17 reading and enter a plea of not guilty.

18 THE COURT: Okay. Mr. Farkas, do you understand the
19 charges against you?

20 THE DEFENDANT: Yes, your Honor.

21 THE COURT: Okay. Mr. Farkas, you have the right to
22 a preliminary hearing in which the Government will have the
23 burden of showing that there is probable cause to believe that
24 the crime for which you are being charged has been committed
25 and that you are the person who committed it. At the hearing

1 you or your counsel would be entitled to cross-examine any
2 witnesses and introduce evidence. However, a preliminary
3 hearing will not be held if you are indicted by a grand jury
4 before the date of a preliminary hearing. I will set a
5 preliminary hearing date at the conclusion of these
6 proceedings.

~~7 Now I understand that we do not have an agreement as~~

8 to a bail package. So next I will hear from the Government.

9 MS. TEKKEI: Thank you, your Honor. And as set
10 forth in the papers that we submitted earlier today, the
11 Government seeks detention based on the risk of flight this
12 defendant poses and based on economic danger to the community.

13 THE COURT: Okay. Can you get into a little bit
14 more, I mean, this is not a presumption case, right?

15 MS. TEKKEI: That is correct, Your Honor. And I'm
16 more than happy to. I think we should start with the nature
17 and circumstances of the defendant's offense. As is detailed
18 in the complaint against him and the complaint against one of
19 his co-conspirators, Raymond Trapani who was arrested a few
20 weeks after this defendant, the defendant and his co-
21 conspirators, Sohrab Sharma and Ray Trapani perpetrated a
22 massive fraud in connection with a scheme to induce victim
23 investors to invest more than 25 million dollars in crypto
24 currencies through material mis-representations and omissions
25 in connection with an Initial Coin Offering by the defendant's

1 company, a company called Centra Tech. Today, those digital
2 assets are worth more than 55 million dollars. They sit in a
3 digital wallet that the defendant and his co-defendants
4 previously had access to and it is the Government's belief
5 that they still have access to given that no one has -- bless
6 you, Your Honor --

7 THE COURT: Sorry.

8 MS. TEKEEI: -- relinquished control over the assets
9 within that wallet to the Government as required by seizure
10 warrants served on all of the defendants.

11 Let me just go into describing a little bit more
12 about the details of the offense conduct. To be specific,
13 from approximately July 2017 through the date of the complaint
14 the defendants and his co-conspirators lied to the investing
15 public and the public in multiple ways. First, they lied
16 about having an experienced executive team with credentials.
17 Including a purported CEO named Michael Edwards who had
18 purportedly more than 20 years of experience in the banking
19 industry.

20 At various times, an individual who is not named
21 Michael Edwards' picture was used in connection with those
22 material misrepresentations. First, it was a professor, and
23 then subsequently the defendant and his co-conspirators used
24 the picture of the defendant's father as the picture of
25 Michael Edwards in marketing materials that were posted.

1 throughout the internet in connection with raising investor
2 funds.

3 The defendant and his co-conspirators also lied to
4 the public about developing a debit card -- namely the so-
5 called Centra card -- which they purported would allow users
6 to spend crypto currency of their choice to make a purchase at
7 ~~various establishments using Visa and MasterCard. The~~

8 defendant and his co-conspirators also lied about partnerships
9 that they had with financial -- with entities in the financial
10 services sector to include Bancorp, Visa, and MasterCard.

11 And finally, and among other things, the defendant
12 and his co-conspirators also lied about having individual
13 licenses at different states in order to operate. In sum,
14 they created fake people, they created fake documents, they
15 created fake money at -- excuse me, they created fake licenses
16 all in order to make money. And they did this using the high
17 speed web, the connections that people make and that people
18 act on in investing and they took advantage of the investing
19 public in doing so.

20 As I said earlier today, more than 25 million
21 ~~dollars that the defendant and his co-conspirators raised~~
22 ~~during the initial ICO is worth more than 55 million dollars.~~

23 ~~And those assets sit in a digital wallet that is worth more~~
24 ~~than 60 million dollars standing here today. Those are the~~
25 ~~nature and circumstances of the offense. And the evidence of~~

1 the defendant's crimes is conclusively strong.

2 We have, as is conveyed in the complaint, against
3 both the defendant and his co-defendant and co-conspirator,
4 Raymond Trapani, the defendant's own text messages and emails
5 and his co-defendants' own text messages and emails that they
6 sent and received regarding their crimes and regarding
7 concealing their crimes, regarding obstructing justice and

8 concealing their crimes from being found. We have the
9 marketing materials that the defendant and his co-defendants
10 prepared containing the numerous fraudulent representations to
11 the public. And we have the -- we have various videos of the
12 defendant out there in the public purporting to advertise on
13 behalf of Centra Tech.

14 Your Honor, these factors all give the Government
15 significant concern about the defendant's risk of flight. And
16 I'll just go into a couple of more pieces of information that
17 are conveyed in our papers. Your Honor, the defendant was
18 interviewed by Pre-trial Services in florida and he was
19 interviewed by Pre-trial Services here. And it is the case --
20 and I don't think it is in dispute -- that over the course of
21 the conspiracy, the defendant had access to millions of
22 dollars in crypto currencies.

23 And based on the information that's summarized in
24 the complaint, the defendant had access to those funds. He
25 engaged in, and he and his co-defendants have engaged in

1 concealing those funds. And it is the case that the 55
2 million dollars of investor funds that remain in the digital
3 wallet, have still been unable to be accessed by law
4 enforcement and secured. Those, in addition to the facts set
5 forth in the complaint about the defendant's request for
6 extradition research, the defendant's request and intimation
7 ~~that the emails related to extradition research that he had~~
8 requested a company counsel to perform for him be deleted, all
9 of that gives the Government serious and grave concerns about
10 the defendant's risk of flight and about -- and leading into
11 the defendant's economic danger posed to the community.

12 I'd like to say, Your Honor, that this is not your
13 typical white collar securities fraud and wire fraud case.
14 The amount of money that is held in the digital wallet would
15 take a split second for the people who have the access to the
16 code to transfer for themselves and use for themselves
17 significantly depleting and dissipating investor funds; funds
18 that are owed to the victim investors in this case.

19 As is conveyed in our filing papers and in our
20 letter the Court, company counsel and counsel for various of
21 ~~the individual defendants have represented to us that at the~~
22 ~~time of the SEC's investigation at the time to the SEC's~~
23 ~~investigation to Centra Tech became apparent and known by the~~
24 ~~issuance of a subpoena, the defendant's co-defendant, Sohrab~~
25 ~~Sharma purported to provide the defendant and compliance~~

1 officer for the company with a copy of the passcode. Which
2 was then divided in two and held at two separate safe deposit
3 boxes at two separate banks. Purportedly to keep the wallets
4 in the -- the assets in the digital wallet safe and secure.

5 Now we've learned today from counsel, and I'll let
6 him go into it, the defendant's assertion of facts as to
7 whether he had the actual access and key -- the passcode to

8 the digital wallet to begin with. But the facts as they stand
9 before the Court today are that this defendant and his co-
10 defendant had access to the digital wallet at some point, have
11 not relinquished access to that wallet to the Government, and
12 in a matter of seconds, the funds in that wallet could be
13 dissipated and the investors will never be able to be made
14 whole. That gives the Government substantial concern as to
15 the economic danger to the community that the defendant and
16 his co-defendants -- but particularly the defendant for
17 purposes of today's proceeding -- pose.

18 We have been in extensive communication with defense
19 counsel regarding our concerns about the defendant's reporting
20 of his own personal assets or lack thereof to the Pre-trial
21 Services office. We've communicated with defense counsel
22 about the Government's concerns regarding the defendant's
23 access to the digital wallet. We have raised any number of
24 concerns with defense counsel and we have been engaged in what
25 have been helpful and informative discussions.

11

1 So I will say that since the filing of the letter to
2 the Court, the Government has facts that have been conveyed by
3 defense counsel that it did not previously have. But, Your
4 Honor, I will also say that the facts that the Government has,
5 that have been conveyed by the defense counsel and I expect
6 Mr. Horwitz will convey to the Court today, are sourced by the
7 ~~defendant. In other words, the very same person who engaged~~
8 in creating fake people, the very same person who engaged in
9 fraudulent misrepresentations to the public for many, many,
10 many months, to the tune of being able to access millions of
11 dollars in crypto currency and in real monetized currency in
12 U.S. dollars over the course of the time period of the
13 conspiracy, has -- is the one who is providing the facts to
14 the Court in hopes of being released on bail.

15 We cannot, here today, allow or agree to a release
16 on bail conditions given the nature and circumstances of the
17 offense, the seriousness of the charges, the fact that the
18 defendant now faces up to approximately 210 to 262 months in
19 prison if convicted for these crimes. And the fact that the
20 assets in the digital wallet remain suspended, remain out
21 ~~there and the only people who had access to the digital wallet~~
22 ~~still have not relinquished control over that wallet to the~~
23 ~~Government as required by seizure warrants and other legal~~
24 ~~process.~~

25 The lights are turning off which is a signal to me,

1 Your Honor --

2 THE COURT: Oh, boy.

3 MS. TEKEEI: I am happy to address the Court's
4 questions whatever they may be after -- now or at the
5 conclusion of defense counsel's argument. In our letters, we
6 set forth what, at a minimum, we believe, should be any bail
7 conditions if the Court is inclined to grant bail in this

8 case. And we strongly believe that if the Court is inclined
9 to grant bail, all of those conditions should be met prior to
10 the defendant's release. Thank you, your Honor.

11 THE COURT: Okay. Can I hear from Mr. Horwitz.

12 MR. HORWITZ: Thank you.

13 THE COURT: And is there -- I'll ask the CSO, is
14 there anything we can do about the lights to prevent them from
15 turning off?

16 UNIDENTIFIED SPEAKER: [inaudible]

17 THE COURT: Thank you.

18 MR. HORWITZ: Thank you, your Honor. I want to
19 frame the discussion with appropriate legal standard for
20 detention. I want to provide the Court with additional facts
21 that pre-date the Government's arrest of my client, which are
22 relevant, particularly with respect to risk of flight. I want
23 to explain to the Court that while we have had extensive
24 discussions with the Government about bail, there's been a lot
25 of information that was provided to the Government and before

1 that there was a lot of information that was provided --

2 THE COURT: Mr. Horwitz, it's after 8:00. We're in
3 danger of the lights turning off on us. Let's skip the
4 preliminaries and get down to the facts that you have in your
5 argument.

6 MR. HORWITZ: Sure. I mean, I do think it's
7 ~~important to note that clearly under the Bail Reform Act that,~~
8 you know, defendant should be released on the least
9 restrictive condition and that for when the Government seeks
10 detention is an extraordinary remedy and there is a
11 presumption for bail. And clearly the standard, I think what
12 was set for this, was in the Madoff case and the cite there is
13 586 F. Supp, 240. It's a case that I actually argued in this
14 court for bail when the Government sought detention.

15 THE COURT: My -- I'm going to interrupt you --

16 MR. HORWITZ: I --

17 THE COURT: -- because it is late, but my concern is
18 with the digital wallet and the access to the proceeds there.

19 MR. HORWITZ: Right. So let me address that first.

20 So the digital wallet -- the contents of the digital wallet

21 ~~have been and are today available for review by the public.~~

22 ~~That has always been the case. It is available on a website.~~

23 The Government has that information and at no time at all in

24 either the SEC's investigation or since my client's arrest has

25 ~~there been any diminution of those assets. With respect to~~

1 the digital wallet -- if I may, Your Honor, I do want to
2 address the risk of flight first. Because I think that's an
3 important --

4 THE COURT: I think the risk of flight is tied to
5 the access to the digital wallet. So please do.

6 MR. HORWITZ: Absolutely. Absolutely. So if I may,
7 may I start with that?

8 As the Government has indicated, and I think the
9 Court is aware from the letter, there was, in an SEC
10 investigation, that became known to the defendant and his
11 employer, the company, and the co-defendants sometime either
12 in December of last year or early this year. The notice of
13 the investigation came by way of a subpoena to the company for
14 a large number of documents. Company had counsel, Ballard
15 Spahr, they were -- and they negotiated and provided
16 information to the SEC about the documents including
17 information related to the digital wallet and the information
18 I've just relayed to the Court about the contents of the
19 digital wallet.

20 There was a request by the SEC for a code to, if you
21 would, access the digital code. That information was provided
22 by counsel for the company to the SEC and

23 THE COURT: My understanding is it didn't work,
24 right?

25 MR. HORWITZ: My understanding that it did not work

1 when the Government tried to access it. I don't believe that
2 the information was ever accessed by the SEC

3 THE COURT: The SEC is the Government, right?

4 MR. HORWITZ: Well, I mean, I mean, Government
5 meaning -- correct. But I think we all sort of refer to the
6 Government as the U.S. Attorney's Office --

7 MS. TEKEEI: I think he means --

8 MR. HORWITZ: -- in [inaudible].

9 MS. TEKEEI: -- law enforcement, Your Honor.

10 MR. HORWITZ: Yes. Correct.

11 MS. TEKEEI: As opposed to Securities Counsel.

12 THE COURT: So is there any understanding why the
13 Government or law enforcement was not able to access the
14 digital wallet given the information that was provided by
15 counsel?

16 MR. HORWITZ: Yes. But if I may, I just want to
17 finish the -- I want to ask -- obviously I'm going to get --
18 answer the Court's question. But I do want to --

19 THE COURT: Well it's 8:10 so let's get to it.

20 MR. HORWITZ: I know, Your Honor. And we've all
21 been here -- I've been here since -- I've been here since noon --

22 and the defendant's mother and uncle have been waiting
23 patiently, so I truly -- he's been locked up since April 1st.

24 So this is really my first opportunity, and I apologize.

25 So in any event, the short point that I want to make

1 is that at no time was there any indication that there was a
2 Government investigation. And I believe that the predicate
3 for the defendant's arrest at the airport on April 1st when he
4 was supposed to depart for a previously scheduled trip to
5 South Korea was this email that the Government had indicated.
6 The email which purportedly claims to deal with extradition
7 and suggests that Mr. Farkas was seeking to flee the country.

8 In fact, the email, which we provided to the Government today,
9 and I'm happy to share with the Court pursuant to 502(d) of
10 the Federal Rules of Evidence, because it is marked
11 privileged, was from a lawyer to Mr. Farkas.

12 THE COURT: Is -- who's copy of that email is it?
13 Is it the lawyers or is it Mr. Farkas'? Because my
14 understanding was that Mr. Farkas deleted his copy.

15 MR. HORWITZ: This was a copy that I received from
16 the company counsel. And, again, provided to the Government
17 today. Although it's in the complaint. I was under the
18 impression they had it. What's important about the email is
19 there are two points about the email. Number one, the email
20 was written on February 5th. Almost two months before Mr.
21 Farkas' scheduled trip to South Korea. Number one. Number
22 two, both before the email was written, but after the SEC's
23 investigation was known, Mr. Farkas traveled overseas for
24 business and returned. Number three, after February 5th, the
25 date of the email, Mr. Farkas traveled to South Korea at the

1 end of February, and he traveled to Canada at the beginning of
2 March and returned each time.

3 So in other words, this email that purportedly, you
4 know, indicates that Mr. Farkas was thinking about fleeing the
5 country when there was no information at all about a criminal
6 investigation that Mr. Farkas had, he went overseas and he
7 ~~returned. Not once but twice. And that's why I think it's~~

8 important before we deal with the wallet, discuss the risk of
9 flight.

10 With respect to the wallet, after the SEC asked for
11 the information -- I'm sorry -- SEC asked for the information,
12 the request was made via company counsel to provide access to
13 this particular wallet. What I shared with the Government
14 today, and this was the first time, today that I had an
15 opportunity to speak to my client without having a recording
16 because he's been incarcerated since April 1st -- so I was not
17 in a position to learn these facts. As soon as I learned them
18 today, which I'm about to relate to the Court, I shared them
19 with the Government. We had a number of conversations this
20 afternoon in the hopes of trying to be able to reach a
21 package.

22 ~~Mr. Farkas was Mr. Farkas' co-defendant~~
23 transmitted an iMessage to him when he was in San Francisco
24 when the SEC's request for the information about the wallet
25 was made. ~~And that information was printed out. And it was~~

1 torn in half. Half of the piece of paper with the code was
2 given to company counsel, half was with Mr. Farkas and was put
3 in a safe deposit box. The Government executed a -- when the
4 criminal case was -- after Mr. Farkas' arrest, the code was
5 provided to the Government. So in other words, after April
6 1st, Ballard Spahr provided the code either to the SEC or to
7 the Government. And the code apparently didn't work. Mr.

8 Farkas believed then, in good faith, that that in fact was the
9 code. What he did not know however, and learned toward the
10 end of his incarceration in Florida before he came here, was
11 that his co-defendant, Mr. Sohrab had apparently either
12 switched out a number of the digits or indicated or -- or
13 changed the sequencing --

14 THE COURT: Which --

15 MR. HORWITZ: -- of the --

16 THE COURT: -- which co-defendant is that? Is that
17 Mr. Sharma?

18 MR. HORWITZ: Correct. That's Mr. Sharma.

19 THE COURT: Okay. Not a Mr. --

20 MR. HORWITZ: Not Mr. Trapani, no.

21 THE COURT: Okay.

22 MR. HORWITZ: And so what I'm reporting to the Court
23 is what I reported to the Government today. As soon as I
24 learned this from my client, after I spoke to him for the
25 first time and debriefed him about these allegations and

1 talked about the things that we needed to talk about in order
2 to make a [inaudible] and bail application either to the Court
3 or to try to convince the Government that there should be a
4 package, the Government and I, Ms. Tekeei, had a number of
5 conversations this afternoon, and I conveyed that information.

6 THE COURT: Conveyed what information?

7 ~~MR. HORWITZ: What I just relayed to the Court. In~~
8 other words that when the Government executed its seizure
9 warrant and when the Government requested of company counsel -

10 -
11 THE COURT: Okay. So nobody has the code as of
12 right now? Nobody in the Government has the code as of right
13 now.

14 MR. HORWITZ: Correct. And Mr. Farkas does not know
15 the code. He does not have access to the code. He does not
16 know where the code is stored. However, as I indicated, the
17 balance of the account is visible. In other words, everybody
18 can watch the account. You can go online. It's not like a
19 bank account where only you have access to it. [inaudible] --

20 THE COURT: I understand that.

21 ~~MR. HORWITZ: So to the extent that A, we submit~~
22 ~~that there is no risk of flight. In other words, the entire~~
23 ~~predicate for the arrest was this canard of an email that~~
24 ~~suggested that he was about to flee. And, again, I'm happy to~~
25 ~~provide a copy of that email to the Court so long as it's~~

1 subject to 502(d) so --

2 THE COURT: I don't need to see it.

3 MR. HORWITZ: Yeah. In any event. Again, the
4 timing here is so important. Because this email was written
5 two months before this trip that the Government thought that
6 Mr. Farkas was taking to run away. And in fact, nothing
7 happened with the wallet. Nothing has been done with the

8 wallet and so to the extent that again, the concept of risk of
9 flight -- I mean, bail is -- under these circumstances, if you
10 look at the totality of the circumstances -- A, we're not sure
11 that the Government has established risk of flight by
12 preponderance, particularly because of the date of this email.
13 Which is not in dispute.

14 THE COURT: Let me stop you right there because
15 you're focused on the time difference --

16 MR. HORWITZ: Yeah.

17 THE COURT: -- and the fact that Mr. Farkas traveled
18 internationally. I have some familiarity with the Madoff case
19 as well. And there were numerous defendants who -- numerous
20 defendants in the asset recovery actions who claimed that they
21 did not have knowledge of the fraud, because why would they
22 leave their money in -- you know, why didn't they pull it out
23 before the date of Mr. Madoff's arrest? Well that doesn't --
24 that's not dispositive. It just means that either they chose
25 to leave it in or they didn't get to it in time or anything

1 like that.

2 So the fact that he traveled internationally at some
3 time after this email is of far less concern to me than the
4 issue of the digital wallet, who has the code, and who has
5 access to it. Because as I understand it, the fact that the
6 public can see the value in the digital wallet is of no moment
7 ~~if those assets can be depleted on a moment's notice by~~

8 somebody who does have the correct code. And that is my
9 concern here.

10 MR. HORWITZ: I understand that, and I would again,
11 ask the Court to consider Judge Ellis -- Magistrate Judge
12 Ellis' decision on the issue of detention. Because in that
13 case, the Government argued when they sought detention that
14 not all of Mr. Madoff's assets were known. Not all of the
15 whereabouts were known.

16 THE COURT: But those assets were not movable in the
17 same way that this digital wallet is.

18 MR. HORWITZ: Well, but again, we're talking about
19 detention. And what the Court, obviously you understand the
20 standard is, are there no circumstances or no conditions or
21 combination of conditions that could reasonably assure the

22 ~~defendant's return to the Court. And so if you look at the~~
23 ~~one, and I do think respectfully that the email is important~~
24 ~~because it does go in the picture of the total preponderance,~~
25 ~~number one. Number two, if you look at the totality of the~~

1 circumstances under a consideration when the Government's
2 requesting bail, one, you've got a defendant who's got no
3 record whatsoever. Number two, you've got -- clearly the
4 complaint says what it says. But with respect to whether he
5 was the leader or the organizer or the principal mover, I
6 think a fair reading of the complaint would indicate that his
7 co-defendants were. He was not. That's number two.

8 Number three, even if the Court is concerned about
9 access to the wallet, notwithstanding our representation Mr.
10 Farkas does not know what the code is, does not know where to
11 get the code, and doesn't have access to it. There are
12 conditions that are short of detention that the Court can
13 impose as part of a reasonable bail package. Including
14 limiting, as the Government indicated in its alternate
15 proposal -- limiting his access to the internet. Limiting
16 access to who he can call. He does not need to be in jail
17 detained if the Court is that concerned about access to this
18 wallet -- to these [inaudible].

19 THE COURT: How do you propose to have that limit of
20 access to the internet and to any calls be maintained on a
21 real-time 24/7 basis? Because this is what we're talking
22 about?

23 MR. HORWITZ: Well I mean, I think the Government,
24 there are conditions that Pre-trial Services can monitor
25 internet access. They can monitor phone calls. There is a

1 way to do that, frankly, Your Honor. And I think that the
2 proof in the pudding there is that the Government in its
3 alternate package or its proposal for bail, indicated that
4 those are conditions that the Government would want to impose
5 if the Court considered bail.

6 THE COURT: In addition to the requirements with the
7 ~~April 16th seizure warrant, right?~~

8 MR. HORWITZ: Well, I mean, to the extent that was
9 represented to us -- well first of all, I mean, I just want to
10 -- I just feel it's important to put this on the record. So
11 yes, there was a seizure warrant, number one. Number two, it
12 was not served on my client because he was in jail in Florida.
13 It was emailed. And there was -- so, A, we have an issue of
14 serving, but we'll put that aside. My client was in jail, he
15 didn't have the ability to access the code, number two.
16 Number three, as I've represented to the Court, this is the
17 first opportunity today that I've had to have a conversation -
18 - a confidential conversation with my client that was not
19 monitored by the Broward County Bureau of Prisons or the
20 Federal Bureau of Prisons.

21 ~~So I think that to the extent that the Government~~
22 ~~has been satisfied that they don't know how the code works, we~~
23 ~~have exhausted our remedies here. I can't do more than talk~~
24 ~~to my client and ask him. We have no other evidence or no~~
25 ~~other indication that he's in possession of the code. If we~~

1 knew where the code was we would tell the Government, which is
2 exactly what we said. I can't do anything more than that.
3 Whether the Government finds that credible or not, you know,
4 I'm disappointed that at this point, frankly, we've had a lot
5 of discussions and I think they've been carried out very
6 professionally. The office has given us -- the office has
7 given us, you know, every courtesy to make these arguments.

8 But, frankly, at this point, and particularly and
9 again, I'm sorry to keep coming back to the email but it's so
10 troubling to me that the detention was predicated on an email
11 that was written two months before. There was never a risk of
12 flight. We wouldn't be having this conversation if -- and
13 again, I have said, as I've said to the Government, I believe
14 what happened was an email is a bad game of telephone which is
15 worth ten seconds of the Court explaining what happened. In
16 fact, the Government didn't even see the email until I sent it
17 to them today.

18 My understanding that this email was sent in
19 February. In March there was an employee at the company who
20 was a lawyer, who, notwithstanding the fact that the email was
21 marked attorney/client privilege and confidential, shared it
22 with somebody else at FINRA. Somebody at FINRA must have
23 contacted the FBI. But nobody actually ever saw the email.
24 So the whole predicate to the arrest that Mr. Farkas was about
25 to run away to South Korea and then somehow disappear into one

1 of the three, or four, or five countries that we don't have
2 extradition treaties with -- which by the way, the substance
3 of the email, does not even deal with. In other words, the
4 substance of the email, which came about because of a
5 conversation that this lawyer had with my client about a rap
6 song called Diplomatic Immunity and this lawyer apparently
7 ~~thought that Mr. Farkas was asking about extradition, the~~
8 substance, of the email has to do with extradition treaties
9 between the United Kingdom and the Cayman Islands, and the
10 United States and the Cayman Islands.

11 It does not in any way indicate you can go to
12 Algeria, or Albania or whatever countries we don't have
13 extradition treaties with. Which -- and again, I'm sorry to
14 keep harping on this, Your Honor, especially at this late
15 hour, but I do think it's so important that the Court consider
16 was there actually a real risk of flight? And when you
17 analyze the question about access to the wallet, the risk of
18 flight, I think diminishes -- I'm not saying it's not a
19 concern that, you know, the Government, or the Court should
20 have -- but I do think it diminishes the concern particularly
21 ~~given the information we've provided today about whether Mr.~~
22 ~~Farkas is, A, going to flee, and is a risk of flight. And, B,~~
23 ~~whether or not he's going to access the funds. And even if he~~
24 ~~does, you know, he -- there's just not an indication that~~
25 ~~notwithstanding the funds, that there was a risk of flight.~~

1 And the last thing, I would say, Your Honor, and I know you're
2 [inaudible], you're familiar with the Madoff case and more
3 than perhaps before you became a Magistrate Judge --

4 THE COURT: Much more familiar.

5 MR. HORWITZ: I think I understand your background
6 and I --

7 THE COURT: Yeah.

8 MR. HORWITZ: -- I understand now what your
9 involvement was, and, Your Honor, and say that obviously
10 respectfully. And the last thing I would just submit to the
11 Court is that, and I said this to the Government in a number
12 of conversations, both with the [inaudible] and with the
13 supervisor, that the analysis in this case now seems to have
14 come down to, if in a white collar case there are substantial
15 assets but not all assets that are unaccounted for, does that
16 A, priority mean that there must be detention and that there
17 is a risk of flight and an economic danger. And I would submit
18 to you that the evaluation that the Court must do even if you
19 find that there's a preponderance, is that you have to look at
20 -- you have to look at the totality of the circumstances --
21 the totality. What his record is. What his role was in the
22 allegations. What the state of the case is. This is a
23 complaint. He's not an indicted defendant.

24 At the time that he was arrested, there was
25 virtually no indication to this defendant -- or I should

1 admit, to the company -- that there was a criminal
2 investigation afoot. And I will add that while I only read on
3 my phone the Government's letter to the Court, there is an
4 indication in that letter that just simply because Mr. Farkas
5 had retained counsel in the SEC case, that that somehow
6 translates into knowledge that there is a criminal
7 ~~investigation. So there was no indication that there was a~~
8 criminal investigation.

9 He has a clean record. His family is here in court,
10 his mother and his uncle are here. His father had a
11 previously scheduled outpatient surgical proceeding which took
12 place today. Had it not taken place today, he would be here.
13 This is a good family, Your Honor. We've discussed the bail
14 package. They own their own home. It is assessed at a value
15 of \$622,000. We have discussed with the Government pledging
16 that property as security on a PRB [Ph.]. I will point out
17 that both the District of Florida and the Southern District of
18 Pre-trial Services have recommended that there be release on a
19 bond without security. The Government has indicated three co-
20 signers. We have two right here. Mr. Farkas' uncle and his
21 ~~father are in business in a business in New Jersey and they~~
22 ~~are responsible and available to sign the bond, as is Mrs.~~
23 Farkas who's here and works for her husband's company.

24 Obviously I'm happy to answer the Court's questions,
25 but I do think, respectfully, ~~that there are conditions short~~

1 of detention that could reasonably assure the defendant's
2 return.

3 THE COURT: Okay. I'd like to -- it's now
4 approaching 8:30 so I would like the Government to respond.
5 But before responding on the points that you see fit to
6 respond on, I have a couple of questions. One, are -- does
7 Mr. Farkas have -- are there any assets that are available to

8 Mr. Farkas, and let's include the digital wallet for now, that
9 the Government would concede are not proceeds from the alleged
10 fraud and conspiracy?

11 MS. TEKEEI: Your Honor, that's a -- it's a
12 difficult question to ask and I'm not in any way trying to
13 evade the Court's question, but this defendant and his co-
14 defendants had multiple bank accounts across multiple
15 different banks. The Government is just getting its arms
16 around the scope of the bank accounts. For example, the
17 defendant has a bank account in his name -- a business bank
18 account -- that's linked to him to which he has sole control
19 at a Citibank in the name of Digital Card Solutions in which
20 there exist \$750,000 approximately today.

21 And we're -- when I say we're learning new facts
22 about the defendant and his co-defendants and their shell
23 companies and their bank accounts every day, it is not an
24 exaggeration. We are. So it is hard for us standing here
25 today to answer that question. We do know that shortly before

1 his scheduled departure -- or shortly before his flight to
2 South Korea, the defendant liquidated more than \$114,000 of
3 his crypto currency assets held in a digital wallet. And we
4 don't know where those assets landed. We don't know where
5 they went. We know that he did not report those assets to
6 Pre-trial Services in Florida or here. And there may be other
7 ~~assets that he did not report to Pre-trial Services in both~~
8 districts.

9 THE COURT: Okay. That brings me to -- makes me
10 skip ahead to a different question which is, does the United
11 States have an extradition treaty with South Korea?

12 MS. TEKEEI: Your Honor, I have not done that
13 research myself, so I would hesitate to give the Court an
14 answer except for that I doubt it. But I'm happy to look into
15 that and I think we could figure that out relatively quickly.
16 We may -- I'm sorry. The Agent tells me we may.

17 THE COURT: Okay.

18 MS. TEKEEI: So I just don't know but I can find
19 out. Your Honor, I'm sorry, I didn't mean to interrupt the
20 Court if you have additional questions that I can answer.

21 THE COURT: Mr. Horwitz did you have an answer to
22 that question in particular?

23 MR. HORWITZ: I do. And in fact perhaps Ms. Tekeei
24 might not have been on the call, but in one of my early calls
25 with her co-counsel, from the U.S. Attorney's office, he did

1 indicate to me, and I have verified, that we do have an
2 extradition treaty with South Korea. I will say -- I just
3 want to quickly put something on the record -- I know my client
4 would like me to. With respect to this company called Digital
5 Card Solutions, I'm told by my client that during his
6 Pre-trial Services interview in Florida he was asked questions
7 about his accounts, this is a business account, but that after
8 the interview, he called the local counsel that he had in
9 Florida to say I want you to make sure that Pre-trial Services
10 knows about the Digital Card Services [sic]. He made that
11 call from either Broward County or from the federal detention
12 center. It was a recorded call. I don't know whether or not
13 local counsel ever made that call or what happened with that.

14 When Ms. Tekei indicates that the Government is
15 learning new facts, I think some of the facts that she's
16 learning are some of the facts that I disclosed today.
17 Because we did have discussions about Digital Card Solutions,
18 about the balance in that account. And we had a discussion
19 about the crypto currency account that she just referenced.

20 THE COURT: The 114,000?

21 MR. HORWITZ: Correct. And it's my understanding

22 that that was an account and I disclosed this to the

23 Government today. That is an account that was used for two

24 purposes. One, it was used at times as a personal account for

25 crypto that Mr. Farkas used -- not having anything whatsoever

1 to do with any of the allegations here. And that --

2 THE COURT: Still concerned that it wasn't disclosed
3 to Pre-trial Services in Florida.

4 MR. HORWITZ: I understand that. I believe, and I
5 think that -- I think that this is in the Government's letter,
6 that the -- and I wasn't present for either of the interviews,
7 ~~so I hope this is not too -- I hope this is not, if you would,~~

8 cutting the salami too thinly. My understanding is that the
9 Pre-trial Services officer in florida asked about bank
10 accounts and business bank accounts. And the subject of
11 crypto currency or crypto accounts didn't come up.

12 As I said to Your Honor, as soon as I had a chance
13 to speak to Mr. Farkas today about all of his holdings, I
14 communicated them to the Government. And what the Government
15 hasn't indicated to you is that in that conversation that I
16 had this afternoon with the Government, I indicated another
17 account which the Government wasn't aware of -- another
18 business account that was used over which Mr. Farkas had at
19 some point had signing authority. And I think that, with
20 respect, Your Honor, I think that's important because to the
21 ~~extent there are questions about credibility we're not only~~
22 ~~answering the Government's questions, but we were volunteering~~
23 information that the Government didn't have before, which
24 perhaps may be useful to them in their investigation.

25 THE COURT: Okay. Mr. Horwitz, before I ask Ms.

1 Tekeei to speak again, can you tell me who -- which of Mr.
2 Farkas' family is here today?

3 MR. HORWITZ: Yes. Mr. Farkas' mother, Cindy, is
4 here. And Mr. Farkas' uncle, Glen Farkas is here. He is a
5 co-partner or co-owner of the business that he has with Mr.
6 Farkas in suburban New Jersey. They own a tiling company.
7 And, again, Mr. Farkas' father is at home recuperating from

8 his outpatient surgery. We frankly thought that -- we thought
9 that the defendant might come today, but we were counting on
10 the presentment to be tomorrow, which is why he didn't
11 reschedule the surgery.

12 THE COURT: Okay. So sorry, I interrupted you, Ms.
13 Tekeei, or got a little distracted. Before you go on to your
14 rebuttal to Mr. Horwitz' presentation, what is Mr. Sharma's
15 status at this time?

16 MS. TEKEEI: We've been in extensive communication
17 with the Marshal service. It appears as though he did not
18 make -- Mr. Sharma did not make the air lift, which was
19 supposed to bring him here estimated today. We don't know
20 why.

21 THE COURT: Otherwise I would have been seeing him
22 today, too.

23 MS. TEKEEI: That's correct, Your Honor.

24 THE COURT: Okay. But he is arrested and he will be
25 brought to the SDNY?

1 MS. TEKEEI: He is arrested, he is detained. He has
2 been ordered removed to our district and we're eagerly
3 awaiting his arrival. Your Honor, I'd like to just -- a
4 couple of quick points unless the Court has any questions
5 about that.

6 THE COURT: I guess the last question was -- and you
7 may -- if you -- if this is involved in part of your
8 proceedings to go into -- tell me a little bit more about the
9 email, but why don't you go ahead.

10 MS. TEKEEI: Oh, sure, Your Honor. The facts that
11 the Government or the prosecution team have at hand are the
12 facts as they are conveyed in the sworn to complaint. Which
13 is that there is an employee at Centra Tech who was counsel at
14 Centra Tech who conveyed to an employee at a regulatory
15 authority that Mr. Farkas had requested that employee to do
16 extradition related research. We did not convey in our -- in
17 the complaint and did not have a date as to when that
18 extradition research was to be -- was done. And we have facts
19 conveyed through the employee of the regulatory agency that
20 Mr. Farkas in the days leading up to his departure for Korea
21 deleted or requested or sometime around that time discussed
22 the deletion of that email with the employee who provided him
23 with that research.

24 THE COURT: I just want to --

25 MS. TEKEEI: Sure.

1 THE COURT: -- note for the record, that Mr. Farkas
2 is shaking his head. And Mr. Farkas, you have been advised of
3 your rights. I don't want you --

4 THE DEFENDANT: Sorry. Sorry.

5 THE COURT: -- to be doing anything that potentially
6 could jeopardize your rights under --

7 THE DEFENDANT: I'm sorry, Your Honor.

8 THE COURT: -- United States v. Miranda.

9 THE DEFENDANT: I'm sorry, Your Honor.

10 THE COURT: So please don't -- please try not to
11 comment, even non-verbally --

12 THE DEFENDANT: I'm sorry.

13 THE COURT: -- at this point.

14 MS. TEKKEI: Thank you, your Honor. And the facts
15 are, as we know them, in the complaint, a Wall team [Ph.] has
16 interviewed the employee at Centra Tech. We're waiting on the
17 Wall team to communicate with defense counsel to discuss any
18 privilege issues before the prosecution team has additional
19 facts. As Mr. Horwitz has conveyed, he provided the
20 Government with a copy of that email today with understandings
21 as to the use of that email. I will not speak to the
22 substance of the email except for to say that it speaks for
23 itself.

24 Your Honor, it is also relevant to the Government
25 that in -- shortly before the defendant's departure or

1 supposed -- or attempted departure to South Korea, the assets
2 and the monetized assets in the Centra company's coffers were
3 depleted. The employees had been fired or laid off and the
4 company was on its last leg. There are many places that one
5 can go from South Korea so that even though the Government has
6 an extradition treaty with South Korea, there are so many
7 ~~places that one can go from South Korea that the Government~~
8 does not have extradition treaties with. So we don't think
9 that his planning that travel either in advance or at any time
10 was -- is necessarily -- should necessarily give the Court
11 comfort that he did not intend to flee. Given that it could
12 have very well been under the guise of a regularly planned
13 trip.

14 That's as to the email. I want the Court to be
15 clear as to who has access to the digital wallet. The U.S.
16 Attorney's Office, the FBI and law enforcement do not have
17 access to the digital wallet full stop. The wallet portions
18 that were provided pursuant to the seizure warrants and legal
19 process are -- have been altered. They do not work. And we
20 know, and the record before the Court is that two people had
21 ~~access to that and had that code to begin with. That is Mr.~~
22 ~~Sharma and Mr. Parkas. Now when we said earlier to the Court~~
23 ~~that we appreciate Mr. Horwitz' candor with us and in~~
24 ~~attempting to and trying to come to an agreement on bail~~
25 ~~conditions, we mean that. This is not to say that we don't~~

1 believe what Mr. Horwitz is telling us. Our problem is with
2 the source of the information and that is Mr. Farkas. And we
3 have no way of corroborating the facts as they have been
4 conveyed. We don't believe that Mr. Horwitz has messed up
5 conveying the facts. We believe that we just don't trust the
6 source of that information.

7 And so as it stands today, in a nano-second, the
8 person who has or the people who have the real portions of
9 that access code to the digital wallet can deplete it
10 immediately. It doesn't matter if everyone in the world has
11 their eyes on the digital key and is watching the wallet, it
12 can be depleted in a nanosecond. And that gives us grave
13 concerns for risk of flight and economic danger to the
14 community. We do not seek detention lightly. And we provided
15 alternatives for the Court to explore in light of all those
16 factors to include the successful transfer of the assets in
17 the digital wallet to law enforcement. Unless the Court has
18 any further questions.

19 THE COURT: Mr. Horwitz, I may be sabotaging myself,
20 but do you have anything else to add?

21 MR. HORWITZ: That's okay.

22 THE COURT: It's 8:40.

23 MR. HORWITZ: No, it's -- the only point I would
24 make, Your Honor, is that it seems like it's a bar that I can
25 never reach. In other words, unless I can -- I'm trying to

1 prove the negative which is I'm saying that we don't have
2 digital -- we don't have access to the code. We provided it
3 in good faith. We provided information to the Government and
4 until the Government gets its hands on the code, which is out
5 of my control, I can't do anything. And I would, again, just
6 end by saying it would seem that there are in fact less

7 ~~restrictive conditions that could be placed on Mr. Farkas~~
8 short of detention.

9 THE COURT: Okay. I'm just going to take a quick
10 two minute break on the bench, but just be relaxed. We're off
11 the record for a few minutes.

12 THE CLERK: Judge, we are back on the record.

13 THE COURT: Please be seated. I am going to cut to
14 the chase before I enumerate everything else. I am going to
15 order that Mr. Farkas be detained right now. But that his
16 detention can be modified subject to several enumerated
17 conditions. I don't make this decision lightly. And I do
18 want to recognize the presence of Mr. Farkas' uncle and his
19 mother here. I am a parent myself and it would break my heart
20 to be here today. However, I find that the Government has
21 shown by a preponderance of evidence that Mr. Farkas as he

22 ~~sits here today without access to the digital wallet~~
23 ~~constitutes a flight risk. And I did that by reviewing the~~
24 ~~totality of the circumstances including the nature of the~~
25 ~~assets at issue in this case, the ability for anybody who does~~

1 have access to the digital wallet to deplete those assets in a
2 matter of nanoseconds, which distinguishes this case from the
3 Madoff case where the assets were not movable and not easily
4 transferrable.

5 Another concern is that this case sounds in fraud
6 and my concern was that information was only provided to the
7 Government and only volunteered to the Government after Mr.

8 Farkas was caught lying and that there is a record of assets
9 depleted over time. So the conditions under which Mr. Farkas
10 may be released are as follows; a personal recognizance bond
11 of five million dollars cosigned by three financially
12 responsible persons. And secured by one million dollars in
13 real property and/or cash. Home detention and location
14 monitoring. Compliance with the April 16th seizure warrant
15 which we all understand, which -- here -- which directs any
16 person or entity presently in possession or control of the
17 property to effectuate the transfer of 91,000 ether currently
18 on deposit in ether wallet address,

19 0XDA6F983076725CB2899205A16E16D1ED60A0067A with compliance
20 defined as the actual or -- actual and successful transfer of
21 the relevant assets into the custody and control of law
22 enforcement. And if I have misread any of the other wallet

23 address, I believe we all understand which warrant we are
24 speaking about so we should not be slicing the salami too thin
25 as Mr. Horwitz has referenced before.

1 An additional condition will be a prohibition
2 against accessing directly or indirectly the digital wallet
3 containing Centra Tech ICO funds or transferring any funds out
4 of the digital wallet except for purposes of complying with
5 the seizure warrant. A prohibition against use or access to
6 any computer, smart phones, or internet. Prohibition against
7 ~~possession of any firearms, destructive devices, or other~~
8 weapons. Drug testing as required by the Pre-trial Services
9 officer. Travel restricted to the Southern District of New
10 York, Eastern District of New York, and the Southern District
11 of Florida. That Mr. Farkas also surrender any travel
12 documents and make no new applications. And I will also add
13 internet monitoring to -- as an additional condition to the
14 home detention if Mr. Farkas is able to satisfy the other
15 conditions and is released. And in additional conditions is
16 also disclosure of all assets that Mr. Farkas may have
17 possession, custody, or control or access to including ones
18 that he may share jointly in business accounts, and that
19 include not actual cash, but any crypto or digital currency.
20 And if I didn't say it already, all of these above conditions
21 are to be met before Mr. Farkas may be released. And any
22 ~~other conditions as recommended by Pre-trial Services.~~

23 MR. HORWITZ: Your Honor, I'd just like to make a
24 record that Mr. Farkas' passport was taken by the FBI when he
25 was arrested on April 1st. He does not have other travel

1 documents..

2 THE COURT: All right.

3 MS. TEKEEI: That is correct. And, Your Honor, if I
4 may, and with apologies for interrupting. One additional
5 condition that we failed to put in our list was no
6 communication with any of his co-conspirators to include Mr.
7 Sharma and Mr. Trapani absent the presence of counsel.

8 THE COURT: Okay. Yes. An additional condition is
9 no communications with any of Mr. Farkas' co-defendants absent
10 -- outside of the presence of counsel. I'm going to give Mr.
11 Farkas -- because I am hopeful that you can comply with these
12 conditions and that you can be released because you have
13 family that cares about you very much. They've spent all day
14 here with you. That I'm going to give the warnings that I
15 usually give upon release even though you are to be detained
16 right now. Because I want you to have the time to think about
17 them and think about what you would be doing to yourself and
18 to your family if you were to violate any of these conditions.

19 That if, upon release, you fail to appear in court
20 or if you violate any of the conditions of your release, one,
21 a warrant will be issued for your arrest. Two, you and anyone
22 who signed the bond will be responsible for paying its full
23 amount which is five million dollars. And three, you may be
24 charged with a separate crime of bail jumping which can mean
25 additional jail time of no more than one year and/or a fine.

1 In addition, if you commit a new offense while you
2 are released, and in addition to the sentence prescribed for
3 that offense, you would be sentenced to an additional term of
4 imprisonment of not more than 10 years if the offense is a
5 felony. Or not more than one year if the offense is a
6 misdemeanor. This term of imprisonment will be -- would be
7 ~~executed after any other sentence of imprisonment is~~
8 completed.

9 And I also will give you a warning while you are
10 awaiting trial, warn you not to have any contact with or
11 engage in any intimidation of potential or designated
12 witnesses or jurors. Not to engage in any intimidation of any
13 court officer and not to engage in any conduct that would
14 obstruct any investigation by law enforcement. And finally,
15 you do have a right to appeal my order. Okay. Is there
16 anything else -- we need to set a preliminary hearing date,
17 right?

18 MS. TEKEEI: Yes. But, Your Honor, before we do
19 that, and, again, apologies if I missed this, but so that the
20 record is clear, our understanding of the reasoning behind the
21 ~~Court's decision is because the defendant poses a risk of~~
22 ~~flight and an economic danger to the community.~~

23 THE COURT: Yes. Yes.

24 [Pause in Proceedings]

25 THE COURT: All right. What date should I set for

1 the preliminary hearing?

2 MR. HORWITZ: We would take the full 30 days, Your
3 Honor.

4 THE COURT: Excuse me.

5 MR. HORWITZ: I said we would take the full 30 days,
6 Your Honor.

7 THE COURT: Okay. So you'll waive to May 25 --

8 MR. HORWITZ: Correct.

9 THE COURT: -- 2018?

10 MR. HORWITZ: Yes, your Honor.

11 THE COURT: Okay. Is there anything else from the
12 Government or from defense counsel at this time?

13 MS. TEKEEI: Not for the Government, Your Honor.
14 Thank you.

15 THE COURT: No, Your Honor.

16 THE COURT: Okay. Best of luck to you, Mr. Farkas.
17 And, again, apologies for keeping you and your family waiting
18 all day. We have a very, very full day today. All right.
19 Thank you.

20 MS. TEKEEI: Thank you, your Honor.

21 THE CLERK: All right. This matter is adjourned.

22

23

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* * * * *

1 I certify that the foregoing is a court transcript from
2 an electronic sound recording of the proceedings in the above-
3 entitled matter.

4 

5
6 Shari Riemer, CET-805

7 Dated: May 6, 2018

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Exhibit G

Exhibit G

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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:
UNITED STATES OF AMERICA, : 18-MJ-2695 (UA)
:
v. : May 2, 2018
:
SOHRAB SHARMA, et al., : 500 Pearl Street
: New York, New York
Defendants. :
-----X

TRANSCRIPT OF CIVIL CAUSE FOR BAIL HEARING
BEFORE THE HONORABLE DEBRA C. FREEMAN
UNITED STATES MAGISTRATE JUDGE

APPEARANCES:

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Court Transcriber: SHARI RIEMER, CET-805
TypeWrite Word Processing Service
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Saratoga Springs, New York 12866

Proceedings recorded by electronic sound recording,
transcript produced by transcription service

1 THE CLERK: United States v. Sohrab Sharma.
2 Counsel, please state your name for the record.

3 MS. TEKEEI: Good afternoon, Your Honor. Negar
4 Tekeei on behalf of the United States.

5 THE COURT: Good afternoon.

6 MS. MCCARTHY: Your Honor, Sharon McCarthy of
7 Kostelanetz & Fink on behalf of Mr. Sharma.

8 THE COURT: Good afternoon. All right. So you
9 thought you were going to have more information today than
10 yesterday, maybe.

11 MS. TEKEEI: We do, Your Honor. However -- and I'm
12 happy to go into the explanations for this, but the
13 Government's position with respect to seeking detention
14 remains the same for reasons that I'm more than happy to walk
15 the Court through.

16 THE COURT: Okay. So you got access to the digital
17 wallet, electronic -- whatever we call that. And you were
18 able to get to funds?

19 MS. TEKEEI: Yes, your Honor. If I may --

20 THE COURT: Go ahead.

21 MS. TEKEEI: I'm sure the Court -- I know the Court
22 has read our papers, but if I may just have a moment

23 THE COURT: The Court has --

24 MS. TEKEEI: -- to give the Court some

25 THE COURT: -- has --

1 MS. TEKEEI: -- background.

2 THE COURT: -- read some of your papers. Enough, I
3 hope, to get an understanding as to what's going on here. I
4 may not be familiar with all of the details. So you're
5 seeking detention. I gather there's going to be an argument
6 on that. So let me hear first from you as to why you're
7 seeking detention.

8 MS. TEKEEI: Thank you, Your Honor. I'm happy to
9 explain all of our reasons. And, Your Honor, before I begin,
10 it's important to note that we do not seek detention lightly
11 in this case. We recognize that there is no presumption here.
12 However, given the nature and circumstances of the offense,
13 the defendant's personal history and characteristics, the
14 massive obstruction of justice that he has perpetrated over
15 the last several months, we seek detention in this case out of
16 our concerns for the defendant's risk of flight, and also for
17 the danger to the community that he poses.

18 Let me begin with some background, Your Honor, about
19 the circumstances of the offense. As is detailed in the
20 complaint, and in the related complaint against the
21 defendant's co-conspirator, Ray Trapani which the Court has
22 copies of, Mr. Sharma, and his co-conspirators perpetrated a
23 massive fraud in connection with a scheme to induce victims to
24 invest more than \$25 million of crypto currency through
25 material misrepresentations and omissions that he made, and

1 his co-conspirators made, in connection with an Initial Coin
2 Offering by the company that he founded, that he currently
3 still owns, and that he operated, Centra Tech.

4 Last summer from approximately July through the date
5 of this complaint, Mr. Sharma and his co-conspirators lied
6 repeatedly to investors and the investing public, and as I
7 will explain momentarily, to the SEC, and to law enforcement.

8 Those lies include telling investors that Centra Tech had
9 inexperienced executive team with impressive credentials,
10 including a fake CEO named Mike Edwards that the defendant
11 concocted, that he then told the investing public about, and
12 that he didn't back away from.

13 The defendant and his co-conspirators told the
14 public that they developed a debit card -- the so-called
15 Centra Card -- that allowed users to spend cryptocurrency of
16 their choice and make purchases using MasterCard and Visa
17 systems. That was false. The defendant and his
18 co-conspirators told investors that they had partnerships with
19 various entities, including a bank called the Bancorp, which
20 did not exist. So that was another lie. And they also told
21 investors that they had state licenses that allowed them to
22 operate in various states throughout the United States. Also
23 a lie. So just to sum it up, and the complaint is very
24 detailed, but at its core the defendant in his co-conspirators
25 created fake people, they created fake documents, they

1 discussed having fake licenses, and they did all of that to
2 make money. Pure and simple, to make money.

3 The evidence against the defendant which is
4 described in detail in the complaints, is conclusively strong.
5 It includes his own words, text messages that he sent and that
6 he received, emails that he sent and that he received
7 regarding his lies, and regarding attempts to cover up those

8 lies. It includes marketing materials that the defendant and
9 his co-conspirators prepared and issued and released to the
10 investing public containing the fraudulent representations
11 that I've outlined. And it includes evidence of their
12 continued efforts to conceal their crimes. That's just a
13 synopsis of the offense conduct.

14 Directly relevant to the issue of bail before this
15 court, is the defendant's obstruction of justice in preventing
16 law enforcement and lying to law enforcement in efforts to
17 secure what is now more than \$60 million of investor funds.
18 So let me give The Court some background as to the investor
19 funds that were in the digital wallet.

20 THE COURT: How much was in there?

21 MS. TEKEEI: In there were more than \$60 million of
22 investor funds.

23 THE COURT: And you've now been able to secure that
24 money?

25 MS. TEKEEI: We've now been able to secure that

1 money. Here is where -- here's the background that Your
2 Honor. After the SEC again investigating the case and issued
3 subpoenas to Centra Tech, Centra Tech arranged with Mr. Sharma
4 to transfer the investor funds into a digital wallet.
5 Mr. Sharma then to purported to provide the passcode to that
6 digital wallet to Centra Tech in this way; he purported to
7 provide that passcode to his codefendant, Robert Farkas. That
8 passcode was reduced to a piece of paper, it was purportedly
9 divided, and one half was kept by Mr. Farkas and one half was
10 kept by the chief compliance officer of Centra Tech, Alan Shut
11 [Ph.]. Those halves were put into a safe deposit box. And so
12 Mr. Sharma and Centra Tech told the SEC, and then later the US
13 attorney's office and the FBI that the passcode to the digital
14 wallet was secure and that the investor funds were secure.

15 That is effectively what Mr. Sharma and counsel for the
16 company represented repeatedly. After Mr. Sharma's arrest --

17 THE COURT: I'm sorry they were put -- the two
18 halves are put in the same safe deposit box?

19 MS. TEKEEI: No, Your Honor. In two separate
20 safe-deposit boxes.

21 THE COURT: Okay.

22 MS. TEKEEI: And Your Honor, if I may just
23 illustrate to the Court what I mean by that. May I approach
24 Your Honor?

25 THE COURT: You may.

1 MS. TEKEEI: What I handed to Counsel on what I
2 handed to the Court is one of the fake halves of the fake
3 passcode that Mr. Sharma provided to Mr. Farkas. This is
4 fake. This half has been altered. The other half which I
5 have not reduced to paper, I do not currently have possession
6 of, is similar to this in that there is an alphanumerical
7 sequence that's been divided in half, and there is also, and

8 Your Honor will see, I'm not quite sure how to describe it, it
9 looks like a barcode but it's called a QR code. The QR code
10 and the alphanumerical sequence that are presented on this
11 piece of paper are what would have allowed the FBI to secure
12 the investor funds. This is what we were told was one half of
13 the passcode. We were told that by -- through Mr. Sharma's
14 counsel, we were told that through Centra Tech's counsel. The
15 source of that information was purportedly Mr. Sharma.

16 When the FBI put this half together with the other
17 half it did not provide access to the digital wallet
18 containing the investor funds. We suspected, and we've since
19 confirmed that the passcode Mr. Sharma provided was altered.

20 And it was altered in multiple ways. One of the ways that it
21 was altered, is that this QR code right here, one of the

22 halves showed a QR code for entirely separate digital wallet,

23 not the wallet that contained the investor funds. And so

24 someone superimposed a fake QR code -- or the QR code to a

25 separate wallet onto this piece of paper.

1 ... Another way that it was altered was in the
2 alphanumeric sequence that's listed at the bottom. So in
3 two separate ways this fake passcode was provided to law
4 enforcement as a way of saying here you go, I've given you the
5 investor funds, nothing to worry about. All the while, the
6 actual passcode was taped to the bottom of a drawer in the
7 kitchen of the apartment where Mr. Sharma shared with his

8 girlfriend -- his codefendant's sister. We learned about that
9 yesterday.

10 And here's how we learned about it. Despite a
11 seizure warrant, despite -- despite multiple efforts over the
12 course of the last several months, for the Government to
13 access the correct keycode -- the correct passkey -- despite
14 multiple representations about Sharma's having provided the
15 correct code, only yesterday did we learn through
16 Ms. McCarthy -- and obviously we credit her for her work in
17 helping us obtain that information -- that Mr. Sharma had
18 taped a piece of paper very similar to this to the bottom of
19 the kitchen drawer -- in a drawer in the kitchen of the
20 apartment where -- that he shared.

21 And this morning FBI agents went to that apartment,
22 they obtained consent to enter that apartment, and they
23 retrieved a piece of paper that looks very much like this.
24 They were able to access the digital wallet and they
25 transferred the investor funds in the digital wallet which

1 were 91,000 ether into a secure FBI wallet.

2 THE COURT: 91,000 what?

3 MS. TEKEEI: Ether. It's the cryptocurrency, the
4 digital assets that were contained in the wallet. The wallet
5 in its entirety, Your Honor, had 100,000 ether in it. So
6 100,000 units of this cryptocurrency. Nine thousand of those
7 units of cryptocurrency we have been told our Mr. Sharma's.

8 And therefore, the FBI has not touched, and has left in place
9 the 9,000 units of cryptocurrency that are -- that were in the
10 digital wallet -- and the FBI has only secured the \$91,000 --
11 I'm sorry -- the 91,000 units of cryptocurrency that belong to
12 investors. That means that Mr. Sharma, in U.S. dollars, still
13 has access to more than \$6 million of funds and is potentially
14 the reason why he obstructed justice over the course of the
15 last many months to prevent law enforcement from accessing not
16 only his investor -- the investor funds, funds that the
17 innocent public contributed in connection with his Initial
18 Coin Offering, but also his own funds. And that's just what
19 we --

20 THE COURT: Is there --

21 MS. TEKEEI: -- know about.

22 THE COURT: Is -- you've used different numbers.

23 Is there sort of a conversion rate from ether to dollars?

24 MS. TEKEEI: There is Your Honor. And it fluctuates
25 daily, and so

1 THE COURT: So when you say \$60 million and 91,000
2 ether, that was more than 60 million, but you left some
3 behind?

4 MS. TEKEEI: Yes, Your Honor. I don't have the
5 currency calculator --

6 THE COURT: Okay.

7 MS. TEKEEI: -- at my hands right now. But if I

8 could just rewind for a moment, in connection with raising
9 investor funds for Centra Tech, the defendant and his
10 co-conspirators raised in July through October 2017, 91,000
11 units of ether. That is a cryptocurrency. The value of
12 ether, much like other denominations in other currencies
13 fluctuates from day-to-day. As it turns out, the value of
14 ether today is worth more than it was almost year ago. And so
15 while at the time, they had raised approximately 25 million or
16 more, that money, that 91,000 ether, today is worth more than
17 \$60 million.

18 THE COURT: I see.

19 MS. TEKEEI: Yesterday it was worth approximately
20 \$59 million. It will continue to fluctuate over time.

21 THE COURT: I see. That explains why you say
22 defendants raised more than 25 million.

23 MS. TEKEEI: Yes, Your Honor.

24 THE COURT: -- and it's worth nearly 60 million --

25 MS. TEKEEI: And the digital wallet --

1 THE COURT: -- or over 60 million.

2 MS. TEKEEI: -- in its entirety had 100,000 ether in
3 it.

4 THE COURT: Okay.

5 MS. TEKEEI: We are able to attribute 91,000 of that
6 to the investor funds and the remaining 9,000 we are told our
7 Mr. Sharma's. And we, law enforcement, has not touched that

8 9,000. That 9,000 remains in the digital wallet. The funds
9 that the FBI has secured are the 91,000 in ether.

10 Your Honor, it's, you know, it's important to note,
11 that while we are, of course, happy that we have recovered
12 this massive amount of money in investor funds, all of this
13 only goes to underscore the depravity of the defendant's
14 obstruction of justice over the many months leading up to
15 this. Mr. Sharma has been represented by counsel for many
16 months. During the time period of this conspiracy, and while
17 he knew that law enforcement were trying to secure the funds,
18 he was convicted of perjury. He pled guilty to perjury. He
19 lied to a court here in New York City about a DUI. He
20 provided testimony to Judge Statsinger lying about alcohol

21 ~~that he had consumed. And he was convicted for perjury. And~~
22 ~~while his case was pending, he then perpetrated lies in order~~
23 ~~to hide assets from the Government.~~

24 Those facts are critical to the risk of flight that
25 this defendant poses, and the danger to the community that he

1 poses. It is not the case that just because the funds are now
2 finally secured, the Government feels comfortable that there
3 are bail conditions that would make it so that he would
4 appear -- reasonably assure that he would appear, or
5 reasonably assure that he doesn't pose a danger to the
6 community. In fact, it only makes our concerns -- it only
7 heightens our concerns at this point.

8 There are additional facts, I think, as are set
9 forth in our papers, Your Honor, that give the Government
10 serious concerns. We have conveyed to the Court facts related
11 to an ongoing investigation in the Eastern District of New
12 York with the Department of Homeland Security that have
13 revealed that the defendant used the identifying information
14 of an elderly man, a priest, to obtain fraudulent loan
15 documents, to which he obtained approximately \$400,000 in
16 funds. The bank was alerted to the fraud. The defendant, at
17 some point repaid those funds that he had fraudulently
18 obtained through the use of the elderly priest's identity, and
19 the bank in that case was whole, but that does not take away,
20 as far as we understand it, from the defendants use of the
21 ~~fraudulent -- of the identity to obtain fraudulent funds and~~
22 ~~his use of a vulnerable victim's information to perpetrate a~~
23 ~~fraud even prior to the time period of this conspiracy.~~

24 Not a day goes by in this case that we do not learn
25 about a new account, or a new lie, or a new set of

1 circumstances that give rise to serious concerns as to this
2 defendant. When I say we don't seek detention lightly, I mean
3 that. We have given serious concern to the Government's
4 position in this case -- we have given serious consideration
5 to the Government's position in this case. We engaged in
6 conversations with Ms. McCarthy over a period of time. And I
7 am certain that Ms. McCarthy will provide explanations to this

8 court for all of the Government's concerns. The source of
9 those explanations, Your Honor, is the defendant. And while
10 we have -- take no issue with Ms. McCarthy's advocacy to us,
11 and advocacy before the Court, we question the source of the
12 information, and we question the defendants truthfulness
13 before this court.

14 An example of that is his failure to tell Pre-trial
15 Services in Florida of his multiple assets, of his more than
16 \$6 million in cryptocurrency, that's just one example. An
17 example of that is the fact that this defendant drew down his
18 bank accounts and his cryptocurrency accounts a few weeks
19 before his arrest in this case. We don't know where that
20 money is. We don't know what he's done with that money.
21 There are pools of assets out there that we simply have not
22 yet identified.

23 And so it is the case that because of the
24 defendant's obstruction of justice, because of the defendant's
25 offense conduct in this case, because of his repeated lies to

1 law enforcement, and this court, because of his liquidation of
2 his bank accounts, because of the fact that he now faces more
3 serious charges than he has ever faced before we do not
4 believe that there are conditions that can assure his
5 appearance and ensure the safety of the community. I will
6 note that we understand from Ms. McCarthy that in connection
7 with defendant's perjury conviction for which he still pends

8 sentencing, he appeared in court whenever he was required to.
9 Now that was a perjury conviction, that was a perjury case in
10 New York State Court.

11 Today in front of this court he faces not only
12 sentencing for that conviction at some point, but he also
13 faces the charges in this case, which as we've estimated,
14 knowing what we know today, subject him to a guidelines range
15 of 210 to 262 months. And that's only based on what we know
16 today. He also faces a parallel SEC civil action, which only
17 compounds his legal troubles. This defendant, who is a master
18 of lying, and a master of creating fake people and fake
19 identities, now faces more serious charges than he's ever
20 faced before, and has demonstrated that he cannot be relied
21 upon or trusted. And so, Your Honor, we seek detention in
22 this case in light of all of these circumstances.

23 THE COURT: Question for clarification. Defendant's
24 codefendant -- was it the Government's understanding that he
25 also had a role in the misdirection of the Government with

1 respect to the passcode or any of this other obstruction that
2 you've described?

3 MS. TEKEEI: Your Honor, the defendant's codefendant
4 Mr. Farkas, is that the one that your --

5 THE COURT: Yes.

6 MS. TEKEEI: -- referring to?

7 THE COURT: Is there more than one codefendant?

8 MS. TEKEEI: There is a defendant who was charge
9 separately.

10 THE COURT: Mr. Farkas.

11 MS. TEKEEI: His name is Ray Trapani. But with
12 respect to Mr. Farkas, he was presented last week. The facts
13 that were presented to the Court last week with respect to
14 Mr. Farkas through his counsel are that Mr. Farkas, while he
15 was detained in Florida, pending removal in this case learned
16 that Mr. Sharma had altered the passcode or passkey. Now the
17 Government doesn't know who to believe. And in connection
18 with Mr. Farkas' bail argument, Judge Wang ordered him
19 detained, and ordered him detained absent conditions that were
20 met that are set forth in our papers, Your Honor.

21 THE COURT: I'm sorry. She set conditions but said
22 they all had to be satisfied before release?

23 MS. TEKEEI: Yes, Your Honor. She -- let me just be
24 clear, she set conditions of bail but said that they needed to
25 all be satisfied prior to his release. Those conditions are

1 mirrored in the conditions that we've set forth for the Court
2 here. And one of those conditions is compliance with the
3 seizure warrant. Directly to the Courts question though as to
4 whether Mr. Farkas had anything to do with the alteration of
5 the code, standing here today, we have no way of knowing which
6 individual to believe or not believe given that they are
7 established fraudsters. So --

8 THE COURT: So you --

9 MS. TEKEEI: -- either way, the code was altered.

10 And Mr. Sharma --

11 THE COURT: -- you sought --

12 MS. TEKEEI: -- had the correct code the whole time.

13 THE COURT: -- so you sought detention of Mr. Farkas
14 based on a very similar argument to the argument you're making
15 now?

16 MS. TEKEEI: A similar argument, Your Honor. There
17 are a couple of facts though that exacerbate the case as to
18 Mr. Sharma. One is his prior felony perjury conviction. Two,
19 is that we now have proof that he fraudulently represented to
20 multiple law enforcement agencies the accuracy of the passcode
21 or passkey, which we did not have last week, although we
22 suspected it, we did not have definitive proof of that. And
23 the third is that Mr. Sharma, as is reflected in our papers,
24 had a loaded weapon at the time of his arrest. He is
25 technically in violation of federal criminal law by having a

1 firearm while pending sentencing for a felony guilty plea,
2 which is a conviction. And so those facts, in addition to
3 his -- the role that he played in this fraud was slightly
4 higher or more of a leadership role than his codefendants. So
5 the arguments that were making now --

6 THE COURT: So the reason that I --

7 MS. TEKEEI: -- are similar, but there are some

8 additional facts that we think put him at an even stronger
9 risk of flight and an even stronger risk of danger to the
10 community.

11 THE COURT: The reason I'm asking is just in terms
12 of the obstruction allegations that you're making here, which
13 of course, are one of the things that can give you the right
14 to argue for detention on a non-violent -- or non-specified
15 kind of crime, I just wanted to get a sense of whether you
16 thought they were working together to obstruct the
17 investigation the way you described, or whether it was mostly
18 Mr. Sharma, or whether you just don't know. So I think you've
19 answered the question of you're not really certain of that.
20 He did say that you understand that an accurate passkey was

21 taped under Mr. Sharma's kitchen drawer. You don't know
22 whether there was also a piece taped under Mr. Parkas' kitchen
23 drawer, for example.

24 MS. TEKEEI: That is absolute correct. It is
25 certain that Mr. Sharma played a role in altering the passcode

1 or providing an incorrect passcode or making sure that law
2 enforcement had an incorrect passcode. But we don't know,
3 with certainty, is whether Mr. Farkas also played a role in
4 that.

5 THE COURT: Okay

6 MS. TEKEEI: But we know that Mr. Sharma did because
7 the correct passkey he had all along.

8 THE COURT: Okay. Let me hear from defense counsel.

9 MS. MCCARTHY: Your Honor, I just want to start with
10 the last thing that was just mentioned, which is the loaded
11 firearm found in his apartment. At the time he was arrested
12 on April 1st, Easter Sunday, at his apartment in Miami, he was
13 asked by the arresting agents whether there was a weapon while
14 he was in handcuffs, and he said yes, I have a gun. It's in
15 my night table drawer. I have a license for it. He does. He
16 has a license to carry a firearm in Florida. And he told the
17 agents where to find that. So I argued with the Government
18 sort of until I'm blue in the face about this particular
19 issue, but I don't believe that somebody who has a license to
20 carry a firearm and keeps it in his bedside table constitutes
21 a danger to the community. In addition, I've spoken with his
22 attorney who represented him in the perjury matter in New York
23 County. He was unaware of section 922(g) of Title 18. He did
24 not know that it was a federal offense to possess a firearm
25 after one has entered a guilty plea to a felony, nor did he

1 understand that one is considered to be convicted at the time
2 of the entry of the guilty plea. So I got that directly from
3 an attorney representing him. So I really would like the
4 Court, if possible, to put that aside in terms of determining
5 whether or not my client presents a danger to the community.
6 I think it's a red herring here. We have plenty to talk
7 about.

8 As you've just heard, my client was arrested on
9 April 1st. Before his arrest, I can tell you I was
10 representing him in the SEC matters since February. We had no
11 inclination that there -- or inkling that there was a criminal
12 investigation happening. So I want the Court to understand
13 that. That was the first that the defendant became aware that
14 there is a criminal investigation. Up until then, it had been
15 an SEC investigation. He was no longer active in his company
16 as of the entry of his guilty plea in October of 2017, and so
17 he had November 29th is the day the SEC appeared and that is
18 when the passcode situation arose where the SEC was informed
19 that the virtual wallet had been secured and the passcode was
20 in two separate spots. Your Honor, we now know that that was
21 not true. I cannot explain to the Court why that happened. I
22 believe my client was very misguided, taking his own counsel
23 and perhaps others. But that was misguided.
24 I had my first chance to speak with him face-to-face
25 since he was arrested on April 1st. I met with him for the

1 first time yesterday when he arrived in New York. Within a
2 very short time of my meeting him, he told me the truth about
3 the passcode, and I immediately told the Government where it
4 could be found and his girlfriend met the FBI this morning and
5 they found it under the kitchen drawer. And I just also want
6 to be clear that she did not know, as far as I understand,
7 that it was there. I can't explain it, but I can tell the

8 Court something that is very unusual about this case. As
9 you've heard, \$25 million was raised in the Initial Coin
10 Offering by Centra Tech, the defendants company, and that
11 happened in the summer of 2017. That -- those funds have
12 remained in that virtual wallet until today when the
13 Government took them out. They've also increased in value
14 from 25 million to now I'm hearing \$60 million plus. This --
15 my client didn't do anything in that time when he knew there
16 was an SEC investigation going on to empty that account. He
17 didn't do anything to deplete the investor assets.

18 Indeed, corporate counsel for his company was in the
19 process of trying to negotiate a settlement with the SEC on
20 behalf of Centra Tech. And as part of that settlement, those
21 investor funds were going to go back to the investors. So I
22 really -- I cannot explain why he did not give the proper
23 passcode. It may be a trust issue, I'm not sure. I'm not
24 here to explain it away, and I'm not here to ask the Court to
25 not take it into account. But it is an unusual circumstance

1 where the money wasn't touched, and the investors will be made
2 whole and they will have made money off of their investment
3 this company. So I think that the Government overstates his
4 danger as a financial matter.

5 He has significant ties to the New York area. His
6 mother, his step father live in Port Washington. The
7 stepfather was interviewed yesterday to be a potential

8 cosigner. His father is a doctor in Rochester, New York. He
9 works in the emergency room. I have spoken with him. He
10 is -- he makes a good living. He could cosign a bond. The
11 mother, unfortunately, received a grand jury subpoena
12 yesterday, so the Government wants to put her into the grand
13 jury. So I don't think they will accept her as a cosigner,
14 but I can offer the father and stepfather as cosigners.

15 Your Honor, Mr. Sharma has known since November 29th
16 that the SEC was investigating the company. It was
17 investigating the ICO, it was investigating these -- all of
18 the same allegations the Government has put into its
19 complaint, has been under discussion with -- by corporate
20 counsel for Centra Tech since that time. He has not done
21 anything to deplete the assets. He has not done anything to
22 try to run away. He's traveled internationally numerous times
23 since that SEC investigation appeared. He's always come back.
24 I have his passport. It's in my possession. He's not going
25 anywhere. He can't get a new passport. As I've said he has

1 significant ties to the country -- to the United States and to
2 this area as well as to Florida. His girlfriend lives down in
3 Florida.

4 Your Honor, we ask the Court to also take into
5 consideration that he's now been interviewed by Pre-trial
6 Services in Florida -- where, by the way, although the
7 Government says he wasn't truthful about his assets -- he did

8 tell the Pre-trial Services that he was the owner of Centra
9 Tech, which possessed this wallet with the hundred thousand
10 Ethereum in them. So I don't believe that was a lie to
11 Pre-trial Services. He wasn't hiding anything. I had to
12 explain to the Pre-trial Services officer yesterday when we
13 got the initial Pre-trial Services report after he told her
14 that he had 9,000 of Ethereum that was worth \$6 million, she
15 put his net worth down as \$29,000. I don't know where that
16 came from. We had to correct that. He was absolutely
17 truthful about the fact that he has \$6 million worth of
18 Ethereum in that wallet that the Government got access to
19 yesterday.

20 Your Honor, we do believe that there are conditions
21 that can reasonably assure Mr. Sharma's appearance in court.

22 The Government seems to be saying that the risk has to be
23 zero. That they have to be absolutely sure that they know
24 where every penny he has is, that they know everything about
25 him before they will be satisfied that he will not present a

1 risk of flight. And that is not the law Your Honor, as the
2 Court well knows, having to hear these arguments every day.

3 So we ask that the Court set a reasonable personal
4 recognizance bond, cosigned by his father and his stepfather,
5 with travel restricted to New York and Florida, and with
6 his -- the requirement that he surrender his passport, which I
7 said I've got in my position, that he surrender either to the

8 state of Florida or to Pre-trial Services his firearms
9 license. His girlfriend has the actual license in her
10 possession right now. That he not own firearm, that he not
11 purchase a firearm, that he undergo alcohol treatment, that he
12 not drink. All of the conditions that are in the Pre-trial
13 Services report, Your Honor, I think are, in my view, and I
14 submit to the Court are sufficient to ensure that he will
15 return to court and that he will not present a danger to the
16 community.

17 THE COURT: I have to Pre-trial Services reports.
18 One from April 2 and one from May 1.

19 MS. MCCARTHY: Your Honor, the one that's from April
20 2 was in Florida. He had Florida local counsel down there who
21 appeared on his behalf. On April 2nd he did not have that

22 attorney with him when he was brought in for Pre trial
23 Services interview. And he said that he wanted his attorney
24 there. I don't know why he was not brought back for an
25 interview, but when we found out from the Government and

1 trying to work out a bail package that this was a concern to
2 them, we asked that another interview be scheduled, and you'll
3 see in the first paragraph of that report and says that he was
4 subsequently interviewed on April 16th, 2018.

5 THE COURT: So he was detained in Florida and
6 brought here, or he was released in Florida and came here on
7 his own?

8 MS. MCCARTHY: So he was arrested on April 1st, he
9 was presented on April 2nd in Florida. On April 5th, he
10 appeared in court with his counsel and he agreed and consented
11 to removal --

12 THE COURT: Okay.

13 MS. MCCARTHY: -- and to detention without prejudice
14 so that he could have a bill hearing in New York.

15 THE COURT: Okay.

16 MS. MCCARTHY: He did not arrive until yesterday.

17 THE COURT: Right. Okay.

18 MS. TEKEEI: Your Honor?

19 THE COURT: Hang on a second. With respect to what
20 you said was his defendant's knowledge and ability to create
21 false persona, do you have any indication that he has himself
22 used aliases, travel on falsified ID, anything of that nature?

23 MS. TEKEEI: We do not have -- no, we do not have
24 evidence that he has traveled on false identification or that
25 he is used aliases. We do have evidence that he has used at

1 least one other person's personal identifying information in
2 connection with obtaining fraudulent loan documents. And
3 that's what is conveyed in our papers.

4 THE COURT: So I'm just looking at the criminal
5 history report. What is this reference to a charge that was
6 dismissed for being out-of-state fugitive? What was the story
7 there? Do we know?

8 MS. MCCARTHY: Yes, I do know, Your Honor. That
9 was -- he was charged with perjury in New York County, but he
10 was living in Florida. And so what happened is that a warrant
11 was issued from New York for his arrest because he was not in
12 New York County. And then when he appeared to -- because he
13 found out he had been indicted for perjury --

14 THE COURT: Did the authorities --

15 MS. MCCARTHY: -- in New York County --

16 THE COURT: -- in New York not know that he was in
17 Florida?

18 MS. MCCARTHY: They did, but because it's a local
19 charge anybody not within the district is considered a
20 fugitive. It's a very odd thing. I've dealt with this before
21 with New York County. But that's what happened. It was not
22 because he had fled, he was just in Florida. But it was
23 dismissed at the time he appeared -- after he appeared to
24 answer the charge.

25 THE COURT: All right. So apart from the offense

1 that brings us here today, we have the perjury charge to which
2 he pleaded, we have a DWI, we have a -- two years before that
3 we've got some kind of, again, driving under the influence
4 with alcohol and/or marijuana, and then back before a youthful
5 offender status we have a disposition of charges -- I'm not
6 sure exactly how -- some kind -- oh, it was -- I'm sorry,
7 criminal possession of stolen property, which was I guess

8 pleaded down from burglary charges. Any idea with the
9 criminal contempt charge was? It goes back again, but
10 nonetheless, any idea what that was related to?

11 MS. TEKEEI: Your Honor, we did not notice this on
12 the defendant's rap sheet or criminal history that we ran so
13 we don't have the background on that arrest or the
14 circumstances of that conviction. Perhaps Ms. McCarthy could
15 clarify that.

16 THE COURT: Do you have any idea what that charge
17 was for criminal contempt?

18 MS. MCCARTHY: Your Honor, my understanding from my
19 client is that when he was held in custody he violated the
20 rules of the prison by having a three-way phone call from the
21 jail and that resulted in this charge. He was out of jail and
22 he helped somebody else get a three-way call who was

23 imprisoned.

24 THE COURT: Okay. Do you want to add anything after
25 hearing defense counsel's argument?

1 MS. TEKEEI: Yes, Your Honor, and only briefly.
2 Ms. McCarthy is correct that when she met with Mr. Sharma
3 yesterday morning she then very quickly passed on to us the
4 information related to the correct keycode. Mr. Sharma,
5 however, has been represented by counsel for many, many
6 months. Local counsel in Florida who represented him in
7 connection with this arrest is a prominent white-collar

8 defense attorney who was previously an assistant United States
9 attorney in the Southern District of Florida. And so it is
10 not the case that he was absent access to counsel and
11 therefore didn't know that he had to turn over the passcode or
12 passkey prior to his arrival in this district or a
13 conversation with Ms. McCarthy. So the notion that when
14 counsel here confronted him about it he immediately was
15 truthful, still begs the question as to why he continued to
16 conceal those very important facts for so long. That the
17 money was --

18 THE COURT: How long was it since the time the
19 Government started asking through his counsel?

20 MS. TEKEEI: Centra Tech through -- he's the owner
21 of Centra Tech. Counsel for Centra Tech back in late 2017 and
22 early 2018 represented that the digital wallet had been
23 secured through the method that I conveyed, the pieces of the
24 passcode being put into half. I'm sorry.

25 MS. MCCARTHY: I'm sorry.

1 MS. TEKEEI: I believe Ms. McCarthy would like to
2 speak and I'm sure that she'll have a chance to do that. But
3 counsel for Centra Tech represented -- I think what she wanted
4 me to clarify is that they represented to the SEC that the
5 wallet had been secured. Later when -- after Mr. Sharma was
6 arrested those representations were also made to the U.S.
7 Attorney's Office and to criminal law enforcement. He was
8 arrested on April 1st. We had to get a seizure warrant to
9 affect the seizure, and still even after obtaining the seizure
10 warrant to access the key we were told that we had the correct
11 key, we were even told that we must not have known how to use
12 it and that's why it wasn't working. So it wasn't until it
13 was clear to us that it was altered, and we continued pressing
14 for that information up until yesterday morning that we -- the
15 correct key was handed over.

16 THE COURT: And just one more thing, just to clarify
17 because I was listening but not taking adequate notes here.
18 The amount of money that the Government is currently aware to
19 which Mr. Sharma would have access if he were released, to
20 your knowledge, totals are approximately what?

21 MS. TEKEEI: Your Honor, it is at least the 9,000
22 ether which is now currently worth approximately five or six
23 million U.S. dollars. It includes at least what he is
24 reported to Pre-trial Services which is the sum of
25 approximately \$200,000. We also believe, and as we conveyed

1 in March -- in February and March of this year, he withdrew
2 hundreds of thousands of dollars from his bank accounts and
3 also from cryptocurrency exchange accounts that he held, to a
4 net -- almost entirely liquidated. So in the weeks and days
5 leading up to his arrest, he liquidated more than 100,000 U.S.
6 dollars in digital assets, and in the weeks leading up to his
7 arrest he withdrew or transferred more than \$500,000 out of

8 other -- out of bank accounts. That's what we know standing
9 here today. We're attempting to get our arms around all the
10 different shell companies and bank accounts that are tied to
11 him, either directly or through other individuals. But that's
12 what we know about today.

13 MS. MCCARTHY: Your Honor, this is the first time
14 hearing of shell companies. I'm not sure that the Government
15 has -- I'm not sure why that was just thrown in here, so I --
16 I don't know what that is.

17 THE COURT: Okay. Hold on a second. You have
18 evidence that significant sums of money were withdrawn from
19 various places and you don't know where they -- the money was
20 transferred to --

21 MS. TEKEET: Yes.

22 THE COURT: -- it it was transferred anywhere?

23 MS. TEKEET: Yes, Your Honor. Some of it are
24 withdrawals from bank accounts. We have tried to obtain as
25 many records as we can to do a tracing analysis. We don't

1 know where all of it has gone. We don't know where much of it
2 has gone. The assets in the digital wallet -- in one of the
3 digital wallets that he held were all liquidated shortly
4 before his arrest. We don't -- we can't tell from the
5 accounting provided to us by Gemini Trust, which is where he
6 held some of his digital assets, where that money went. We're
7 trying to figure it out. I just wanted to --

8 THE COURT: And what makes you say --

9 MS. TEKEEI: -- address the Court's questions.

10 THE COURT: -- there are shell companies?

11 MS. TEKEEI: If I -- if there is a negative
12 connotation attributed to the word shell, I will simply say
13 companies. Mr. Sharma has set up at least Sharma Tech [Ph.],
14 he set up a company called Revolutions. There's a company
15 called Miami Exotics that he was involved with and had
16 operating authority over. There is Centra Tech.

17 And, Your Honor, and I failed to mention this -- we
18 learned earlier this week that at least some of the Centra
19 Tech funds -- sorry -- some of the Centra Tech investor funds
20 for investors who have tamed the so-called Centra Card were
21 kept in a wallet -- a digital wallet that was separate from
22 the digital wallet that contained the 91,000 ether. And so
23 there's one or more digital wallets that contain funds from
24 investors who received the so-called Centra Card in order to
25 be able to monetize some of their digital assets. We don't

1 know what amount is contained there. We don't know who has
2 access to it. We don't know how many wallets there are. But
3 we have learned, as recently as two days ago, that there were
4 separate digital wallets kept with Centra related assets.

5 THE COURT: Okay.

6 MS. MCCARTHY: Your Honor, I mean, I know that the
7 Government has access to the defendant's bank account at maybe

8 Federal Credit Union. I believe that if they just look they
9 would see that the funds from the Gemini account which was a
10 cryptocurrency account he had, those funds were deposited
11 directly into his bank account. And it may be Federal Credit
12 Union. So I dispute the Government's arguments about, you
13 know, funds being all over the place. I don't know what
14 they're talking about.

15 But the fact of the matter is what the Court should
16 be interested in is that there are conditions that can be set.
17 The investor funds are safe and secure in the Government's
18 possession. That is what is at issue in this case. And the
19 Government is not going to get 100 percent certainty that
20 they're going to know where every single penny that the
21 defendant has access to is located. I'm not hearing anything

22 about risk of ties overseas or anything of that nature.

23 Perhaps now I'll plant that seed and that will be said next.

24 Really, the goal posts keep getting move. Your

25 Honor. The primary concern that the Government said was the

1 reason they were seeking detention was the inability to access
2 the virtual wallet. They've done that now. They've done it
3 because my client gave them the correct information. It was
4 late in coming, and I don't make excuses for it, and it was a
5 bad thing that it took so long. I agree. However, they have
6 it now. Enough. We should set bail conditions. He should be
7 released. He's been in jail since April 1st and it is time
8 for him to now be permitted back into the community.

9 THE COURT: Okay. Here's what I've got. I've got a
10 sufficient basis for the Government to be heard because I have
11 an argument about flight risk and also an argument about
12 obstruction. And under 18 U.S.C. 3142(f)(2), the Government
13 can seek detention in a case that involves either a serious
14 risk the person will flee, or a serious risk the person will
15 obstruct or attempt to obstruct justice. Also a serious risk
16 the person will threaten or intimidate a witness or juror. I
17 don't have that, but I do have an alleged history of
18 obstruction and concerns expressed by the Government that I
19 will take as concerns about continuing obstruction. That may
20 be a stretch. But I do also have concerns about risk of
21 flight. So I'm going to entertain this request for detention.
22 I'm just saying that as a threshold matter because the
23 Government doesn't get to seek detention in every case. But I
24 think they've met the threshold.
25 And so then what do I have in terms of flight risk?

1 I have someone who has not seemingly tried to flee in the
2 past. Apparently, I gather, has made court dates, it is also
3 not inspired confidence with his ability to be honest and
4 forthright with investigators, the Government, law
5 enforcement, the Court as witnessed by perjury issues, as
6 witnessed by the statements about this passcode and so on. So
7 we have a lack -- a history of lack of honesty. We also have

8 a history of moving some funds, unclear why, unclear to where,
9 but enough funds that would enable someone to travel, should
10 he wish to, and with access still apparently to 5- to \$6
11 million in this account and other monies elsewhere. That
12 raises some concern because one of the issues about flight
13 risk is whether there are means to flee.

14 In terms of incentive it's generally thought that
15 simply severity of the charges is not enough to suggest flight
16 risk. We look at factors in their totality. I don't know
17 about ties to other countries. I have, from Pre-trial
18 Services that defendant is a naturalized citizen and that he
19 has traveled internationally for business and for leisure
20 purposes. I don't have any particular place outside the
21 country where he seems to frequent, has property, has family
22 members, anything of that nature. That's not shown. In terms
23 of passport turned over, that's good with respect to travel.
24 I don't have history of using falsified travel documentation
25 or anything of that nature, but I do have one proffered by the

1 Government regarding using somebody else's identifying --
2 information and also in connection with dishonesty,
3 willingness or ability to create false identities for purposes
4 of perpetrating fraud. I don't know if that translates to
5 traveling on a false identity or alias. It's not so evident
6 to me. But there's at least something there, again, in
7 connection with lack of honesty and using someone else's

8 identity for some purpose that gives cause to some concern --
9 gives rise to some concern.

10 The firearm issue, I think is a bit of a side issue.
11 I certainly could set a condition that would require surrender
12 of firearms and not being permitted to have any. It does give
13 some -- [inaudible] some concern about danger but I don't
14 think that is the main issue here by any stretch of the
15 imagination. So I'm mostly concerned, when it comes down to
16 it with the reported history of dishonesty including to
17 various and assorted authorities, including a court, including
18 law enforcement, serious dishonesty from what the Government's
19 relating, and the amount of money that defendant would still
20 have available to him and the fact that he was recently taking
21 a lot of money out of accounts, moving it to where, it's
22 unclear, and for what purpose is unclear. It may be just to
23 pay counsel, but it's unclear. With respect to defendants
24 stated income and assets, you said you didn't think this was
25 correct and there was a need for correction in what was

1 reported to pretrial or what was understood by pretrial?

2 MS. McCARTHY: So originally pretrial had his
3 account holding only 20,000 in his virtual wallet being worth
4 \$9,000. When he told them that he had 9,000 Ethereum worth \$6
5 million.

6 THE COURT: So ether and Ethereum is the plural or
7 something like that?

8 MS. McCARTHY: I don't actually know.

9 MS. TEKEEI: And Your Honor, ether is the asset.
10 Ethereum is the platform on which it can be exchanged.

11 THE COURT: Oh. Okay

12 MS. McCARTHY: Ether. So, yeah, that was what had
13 to change. Your Honor, just -- I want to make sure that you
14 understand --

15 THE COURT: So the actual -- the actual assets -- I
16 mean Counsel has talked about hundreds of thousands of dollars
17 being taken out of bank accounts. I don't see that here on
18 the financial information. I see \$20,000 and then I see the
19 virtual wallet which will call 5- to 6 million instead of
20 9,000.

21 MS. McCARTHY: Okay. -- So I can't answer for all of
22 the withdrawals from his account. I know that some of that
23 money was used to pay some of the Centra Tech-related
24 expenses. He is the owner of Centra Tech. I believe some of
25 it was used to pay a former employee a severance, you know,

1 money --- Centra Tech itself did not have a lot of money in its
2 bank account so there were times when my client's bank account
3 was used to pay for Centra Tech expenses. But I certainly, by
4 no stretch, do I have an accounting that I can present to the
5 Court at this time. If the Court would require that, we can
6 certainly, you know, strive to do that. And come up with more
7 of a roadmap as to where all of the funds went.

8 But I want the Court to understand the Centra Tech
9 itself is no longer a going concern. That once this case was
10 public and now on April 1st -- April 2nd when the complaints
11 were announced and published to the world, the business
12 essentially started to wind down. But part of what Mr. Sharma
13 did when he was in prison was he authorized the General
14 Counsel of Centra Tech to basically just turnover to the
15 Government all of Centra Tech's computers and any -- all of
16 its data. So the Government now has everything from Centra
17 Tech in its possession. So he -- it couldn't have happened if
18 he had said no. And he authorized that without the Government
19 having to go through obtaining any sort of court order to do
20 that. And I think that's also significant -- a significant
21 fact that has not been raised with the Court.

22 MS. TEKEBI: Your Honor, as to that, he was required
23 to do so, and the company was required to provide information
24 pursuant to legal process -- a subpoena. And so it is not the
25 case that he voluntarily handed over Centra Tech's computers.

1 There was a subpoena. They were required to comply with it by
2 law, and they chose to comply with the by turning all of the
3 equipment over rather than doing their own review. So there
4 was no voluntary turning over. They were required to do so.

5 MS. MCCARTHY: A subpoena for documents. Subpoena
6 is counsel reviews the materials and turns over what's
7 responsive to the subpoena. Mr. Sharma said turn over

8 everything to the Government. That is in fact what happened.

9 MS. TEKEEI: Your Honor, as to the reported income,
10 I would just like to note that -- and this is our letter --
11 Mr. Sharma, in connection with the funds that he had in Gemini
12 Trust back in October of 2017, they noticed exchanges in and
13 out of his Gemini Trust cryptocurrency account, such that it
14 raised a red flag in their systems. And so they emailed him,
15 and they said to him can you provide us with some more
16 information. And that email is attached to our papers, I'm
17 happy to hand up another copy. In response to that inquiry
18 from Gemini Trust, Mr. Sharma told Gemini Trust that he
19 already -- he wrote, I already earn over 350K a year from my
20 W-2 employment and I have a large amount of money still

21 invested into cryptocurrencies. That was merely a few months

22 ago, Your Honor. It's not that long ago that he told someone

23 else that he made more than \$350,000 a year, whereas he's now

24 told Pre-trial Services that he makes far less than that and

25 that he described that he had a large amount of money still

1 invested into cryptocurrencies. I just want to point that out
2 with respect to the income that's reported to Pre-trial
3 Services.

4 THE COURT: Well the income reported to Pre-trial
5 Services as initially here at 100,000 but then his salary was
6 modified to 26,000 a year. Before then, he worked earning
7 125,000 a year in his next earlier job.

8 MS. TEKEEI: And so -- and so he's told other people
9 that he earned more than 350,000 only a matter of a few months
10 ago. So there are still discrepancies -- there are still
11 discrepancies with respect to his income and his assets.

12 MS. MCCARTHY: Your Honor, all I can say is that
13 when he stepped down as an officer of Centra Tech when he took
14 his plea to perjury, I think this is, you know, this isn't
15 IBM, this is a company -- he's the owner, he's 27 years old.
16 He -- money came to him out of Centra Tech when he needed. It
17 was his money that went into make the company. So I can't
18 answer for how it was given to him, whether it was, you know,
19 return of capital, or it was return of a loan, or repayment of
20 a loan, but is a small company. You know, we don't -- I can't
21 answer the question of what his actual salary was. He told
22 the -- to Pre-trial Services essentially what he was claiming
23 as salary. The rest of it is a tax issue frankly, as to
24 whether or not he was taking back out of the company that he
25 had invested.

1 THE COURT: All right. The last thing I will just
2 say is I am just thinking out loud about what I'm hearing
3 before making a decision, is that of course every individual
4 is entitled to an individualized bail determination and no two
5 people necessarily need to be treated the same way. But on
6 the other hand we strive for some consistency of analysis and
7 logic for not only the appearance but the actuality of
8 fairness.

9 And so I am looking at what happened with the
10 codefendant to try to understand what the differences are --
11 the individualized differences are between them. I gather
12 that one of the conditions that was set for bail for
13 Mr. Parkas was that the digital wallet be made available to
14 the Government and the transfer of those assets be made
15 available. So it may have been, I mean I'm obviously -- I'm
16 not judge Wang -- we look -- we've had different arguments in
17 front of us. But one thing she may have been thinking was
18 that is a significant issue and he's going to be held until
19 that issue is dealt with, which now seems to have been dealt
20 with.

21 In truth, the only issues that I really have here
22 with respect to flight risk or risk of obstruction are I'm
23 not seeing so much future danger to the community if this
24 business has been shut down, but what I'm seeing is a history
25 of being less than truthful. I suspect that they have

1 continued through this interview by pretrial, although I can't
2 know for sure. But the amounts of money look -- even apart
3 from ether versus dollars, putting that issue aside -- the
4 other amounts of assets strike me as not terribly plausible
5 based on what the Government has said about removing hundreds
6 of thousands of dollars from accounts relatively recently.
7 This email counsel has, the history reported to pretrial, it
8 looks a little questionable. They -- \$26,000 salary seems a
9 little hard to swallow, I don't know.

10 But I have a history of lack of candor. I have a
11 significant history of keeping the Government from these
12 assets it was trying to recover including by providing
13 information that seems to have been knowingly false -- likely
14 to have been knowingly false. Again, I'm not making an
15 ultimate determination on that but having something taped to
16 your drawer that's different from what's provided to the
17 Government is at least of great concern. So I have a lack of
18 candor, I have a lack of candor with the Government, and at
19 least with the state court, I have a lack of candor to the
20 Court prior to the perjury plea.

21 And I have money that is of concern. I mean, I also
22 note with respect to the conditions set for Mr. Farkas there
23 was a prohibition against accessing or transferring any funds
24 out of the digital wallet. That may have been because he said
25 none of those funds were his own. You know, I don't know if

1 the Government would be taking the position here that even if
2 he says 5- to \$6 million as his he should not be able to get
3 that money.

4 MS. TEKEEI: Your Honor, let me just be completely
5 clear, and we've conveyed this to Ms. McCarthy. We do not --
6 we are not touching that money. It is -- we do not currently
7 have information, probable cause to allow us to seize those

8 funds, and so we've conveyed to Ms. McCarthy that what needs
9 to be done is for those funds to be transferred to another
10 secure digital wallet. The government is not, at this time,
11 is not seeking to seize those funds.

12 THE COURT: So as far as the Government's concerned,
13 if this defendant is out, you would have no basis for seeking
14 the condition that he could not have access to those funds?

15 MS. TEKEEI: That's correct, as it stands today.
16 Obviously, our investigation is ongoing and so if we learn
17 additional facts that we would -- we could present in order to
18 have access or seize those funds, we certainly will. But as
19 it stands today, those funds would be his.

20 THE COURT: Counsel, I'm not sure -- I'm willing to
21 consider setting conditions but I'm not sure how I deal with

22 this access to money and not having a sense of how much it is
23 and not having a sense of what's real or not real with respect
24 to wherewithal and ability to flee. Because if he has \$6
25 million, let's say roughly, or more than that, if there are

1 other accounts and other monies, I could say post \$3 million.
2 in, you know, collateral for a bond. But there's still
3 another intentionally \$3 million. You can do a lot with \$3
4 million. So it is of concern to have someone who has
5 seemingly been this dishonest to have access to this much
6 money with, you know, facing serious charges. It's of
7 concern.

8 MS. MCCARTHY: I hear Your Honor. I think that
9 there are ways to satisfy the Court on that. And one of the
10 ways would be essentially to transfer those -- the ether --
11 into a wallet as to which the defendant has no access. And it
12 would be that we would have to essentially appoint somebody as
13 a trustee or somebody to be sort of -- I work at a tax firm, I
14 can hopefully figure this out with one of my partners on how
15 we could accomplish this, that you would get somebody not
16 related to him who would agree for a fee -- a small fee or
17 whatever, to be the person who is in charge of those funds --

18 THE COURT: A fiduciary?

19 MS. MCCARTHY: -- a fiduciary essentially, and that
20 we could arrange so that his housing expenses are paid, his
21 food is paid, his legal fees are paid, his travel expenses
22 back and forth to New York are paid and that

23 THE COURT: I would be a lot more comfortable if I
24 had some understanding of other sources of money too and was
25 really there. Because I'm looking at this Pre-trial Services

1 report, and I don't know what to trust. The Government's
2 talking about --

3 MS. McCARTHY: Your Honor, I think if the Court
4 would -- perhaps we can -- if that is the Court's primary
5 concern, then I would ask for some time to sit down with my
6 client, speak to former counsel --

7 THE COURT: Figure out --

8 MS. McCARTHY: -- about --

9 THE COURT: -- try to figure out the money?

10 MS. McCARTHY: Figure out the money for you because
11 I do believe there was a fair bit of from his account back to
12 Centra, from Centra back to his account and various things
13 that were done on behalf of the company through both accounts.

14 THE COURT: All right.

15 MS. McCARTHY: And I haven't had time --

16 THE COURT: I've got the following three things --

17 MS. McCARTHY: Okay.

18 THE COURT: -- okay. I've got serious charges with
19 potential serious exposure. I have a serious history of lack
20 of candor to authorities. And I have serious concerns about
21 how much money there is available to him that he might use to

22 try to avoid these charges. A person who has not demonstrated
23 himself to be trustworthy. I'm not guaranteeing where I go
24 with us --

25 MS. McCARTHY: I understand.

1 THE COURT: -- but if I can get a little more
2 clarity with respect to what there is available to him, and
3 what you would propose to do about that I could at least have
4 some greater comfort that I, you know, that I'm cutting
5 through some of what may be dishonesty here and understanding
6 what the real situation is. I'm not saying that this report
7 is dishonest, but what I'm saying is it makes me raise an
8 eyebrow, like something seems missing based on what the
9 Government's been saying.

10 MS. MCCARTHY: All right.

11 THE COURT: I'm going to continue Mr. Sharma's
12 detention for the time being. I am only on duty this week,
13 however, I have some time, I believe on my own calendar now on
14 Friday of next week. I don't know if that's enough time to
15 sort things out. Other than that, you can contact my chambers
16 and see. I don't know that it makes sense at this point to
17 put this in front of another magistrate judge. My calendar is
18 pretty tight, Friday opened up next week, otherwise I'm not
19 sure.

20 MS. MCCARTHY: Your Honor, I think that it makes
21 sense to keep it before Your Honor since you've heard
22 extensive argument.

23 THE COURT: I think so too.

24 MS. MCCARTHY: -- of --

25 THE COURT: Am just telling you my civil calendar is

1 pretty crowded.

2 MS. McCARTHY: I understand.

3 THE COURT: So sometimes things cancel and that's
4 what happened next week Friday and something else might as
5 well. But --

6 MS. McCARTHY: I understand.

7 THE COURT: I don't have a lot of blocks of time.

8 MS. McCARTHY: So should we put a control date --

9 THE COURT: Now I can put you --

10 MS. McCARTHY: -- on your calendar for the 11th?

11 THE COURT: -- I can put you down on the 11th in
12 front of me in my courtroom at -- call at 2:00 -- Friday is
13 the -- Friday is day that opened up. So the 11th -- May 11th
14 I can put in my courtroom at 2:00 as a control. Once again, I
15 don't want you if there's nothing new to share, but if you
16 talk to each other and provide information and say look these
17 withdrawals, this is what this was, this is where this went,
18 this is how much there is, this is what he's agreeing not to
19 have access to. This is our proposal for how we put it in
20 some escrow somewhere, some trust somewhere --

21 MS. TEKEEI: I understand.

22 THE COURT: -- or whatever, I think that might be

23 I think that might be helpful. I do have concern. I do have
24 concern about flight risk and obstruction here. There -- I am
25 persuaded -- given that flight risk is only a preponderance

1 I'm persuaded that there's been enough in the past that should
2 give me concern. But I'm still open to hearing about this
3 money and that really, we can deal with these issues. Okay.

4 MS. McCARTHY: That's all we ask for your honor to
5 do --

6 THE COURT: Okay.

7 MS. McCARTHY: -- and we appreciate your --

8 THE COURT: No promises.

9 MS. McCARTHY: -- willingness to do this.

10 THE COURT: No guarantees.

11 MS. McCARTHY: I understand. I understand.

12 THE COURT: Okay.

13 MS. McCARTHY: Thank you.

14 THE COURT: All right.

15 MS. TEKEEI: Thank you, Your Honor.

16 THE COURT: You're welcome.

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1 I certify that the foregoing is a court transcript
2 from an electronic sound recording of the proceedings in the
3 above-entitled matter.

4 
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6 Shari Riemer, CET-805

7 Dated May 8, 2018

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Exhibit H

Exhibit H

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
: UNITED STATES OF AMERICA, : 18-MJ-2695 (UA)
: :
: v. : May 11, 2018
: :
: SOHRAB SHARMA, et al., : 500 Pearl Street
: : New York, New York
: Defendants. :
-----X

TRANSCRIPT OF CRIMINAL CAUSE FOR BAIL HEARING
BEFORE THE HONORABLE DEBRA C. FREEMAN
UNITED STATES MAGISTRATE JUDGE

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Proceedings recorded by electronic sound recording,
transcript produced by transcription service

1 THE CLERK: United States v. Sharma. Counsel,
2 please state your name for the record.

3 MR. ENSER: Good morning, Your Honor. Samson Enser
4 for the Government. With me at counsel table is Special Agent
5 Brennan Raz [Ph.], the case agent from the FBI, and Lisa Chen
6 from the Pretrial Services Department. And I just want to
7 note for the record some of people here in the audience. My

8 colleague, AUSA Negar Tekeei; Greg [inaudible], agent with the
9 Department of Homeland Security who investigated the priest
10 fraud that was in our brief; Special Agent Kristin Elaine
11 [Ph.] from the FBI, another case agent on the case; Andrew
12 Rodin [Ph.] from the District Attorney's Office in New York.
13 He handled the perjury case that we have referenced in these
14 proceedings. And John Daniels and Alison Levine from the
15 Securities and Exchange Commission.

16 FEMALE SPEAKER: Good afternoon, Your Honor.

17 THE COURT: Good afternoon.

18 MS. MCCARTHY: Quite a crowd. I'm just here, Sharon
19 McCarthy of Kostelanetz & Fink. I'm here for Mr. Sharma.

20 THE COURT: Okay. I had wanted some more
21 information about what the Government represented about
22 withdrawals of money over some recent period of time.

23 MS. MCCARTHY: Yes, Your Honor. If I can hand up
24 to the Court, I'm going to give the Court an analysis of the
25 Gemini account which is the --

1 THE COURT: I'm sure you gave this to opposing
2 counsel?

3 MS. MCCARTHY: I did. It is the account where Mr.
4 Sharma bitcoin transactions and he made --

5 THE COURT: It's colorful.

6 MS. MCCARTHY: -- withdrawals starting in October of
7 2017 through March 20, 2018. And I believe what Ms. Tekeei

8 said on the record during a hearing was we have no idea where
9 that money went. And Your Honor, we do know when that money
10 went. We've been able to show that although we don't have
11 account statements for his Bank of America account which ends
12 in 3872, we can see that the funds were withdrawn from the
13 Gemini account into the 3872 Bank of America account and then
14 transfers were made --

15 THE COURT: 2783?

16 MS. MCCARTHY: 3872. If you look at the very first
17 one, 10/10/17, withdraw wire transfer --

18 THE COURT: Wait.

19 MS. MCCARTHY: -- to Bank, BOA, Bank of America.

20 THE COURT: Wait. But the heading on that says
21 checking account 2783 which is an exact reversal of numbers.

22 Is that a different account we're talking about?

23 MS. MCCARTHY: I don't see a 2873.

24 THE COURT: The heading, Centra Tech, Inc. BOA
25 checking account 2783 and all the accounts say 3872.

1 MS. McCARTHY: It went into a different account
2 that's under the name of Centra Tech which is my client's
3 company which had 2783 was the end of that account number. So
4 Judge, if I could just --

5 THE COURT: I'm sorry, 3872 is the Gemini account?

6 MS. McCARTHY: No.

7 THE COURT: What's 3872?

8 MS. McCARTHY: Okay. So Gemini is -- there's this
9 very complicated receipt essentially or record of Gemini.
10 This is all of the bitcoin trading that he was doing, Mr.
11 Sharma was doing with a platform called Gemini. So when he
12 would withdraw funds from Gemini, he had given Gemini first a
13 Bank of America account in which to deposit withdrawals. What
14 this shows is that all of the, up until October, through
15 October 20, 2017, all the wire transfers went into that very
16 same Bank of America account that he gave to Gemini. And then
17 on the right-hand side we were able to this up, the
18 withdrawals into his Bank of America account that then went to
19 a Centra Tech Bank of America account. And that money was
20 used for the operating expenses of the company, Centra Tech.

21 THE COURT: So you got step one, you have money in
22 these complex Gemini accounts

23 MS. McCARTHY: Right.

24 THE COURT: That money is withdrawn from that and
25 put in a Bank of America account.

1 MS. MCCARTHY: In his name.

2 THE COURT: Bank of America account which is --
3 those deposits aren't shown here but the withdrawals are shown
4 here?

5 MS. MCCARTHY: The withdrawals are shown, every
6 withdrawal that went to 3872. And then we have --

7 THE COURT: Wait. I'm sorry --

8 MS. MCCARTHY: What I'm trying to say, Judge, is I
9 don't have the Bank of America account statement for Mr.
10 Sharma but I do have the Centra Tech Bank of America account
11 statements showing transfers from the Bank of America account
12 on the left.

13 THE COURT: So you're saying the Gemini stuff went
14 into the Bank of America account that you don't have but you
15 have the money from that account then going into the Centra
16 Tech account.

17 MS. MCCARTHY: Correct, Your Honor.

18 THE COURT: Okay.

19 MS. MCCARTHY: We've been able to trace it and it's
20 almost perfect. There were additional monies that would be
21 tacked on at times for a transfer to Centra Tech. But there's
22 a \$36,000 difference in what went into his Bank of America
23 account from the Gemini withdrawals and then what went back
24 into -- went into a Centra Tech operating account. And this
25 was the time period, Judge, when they were operating their

1 company that's at issue in the indictment, and that's not in
2 the indictment yet, it's going to be, but in the complaint
3 with the ICO. So that's what this was for. He was sending
4 the money that he withdrew from his bitcoin trading and
5 sending it to his company.

6 So all I'm trying to show, Judge, is that it is not
7 correct that we don't know where the money went. We do know
8 where the money went. It went into the company account.

9 Until he then -- the Bank of America account is closed. Bank
10 of America closes both Mr. Sharma's account and Centra Tech
11 Bank of America account. He then opens an account at Navy
12 Federal Credit Union which is the bottom box on the left which
13 is the 10/26/17 through the March 20, '18 withdrawals. They
14 all go into that Navy Federal Credit Union account. And then
15 the money then -- that's what we show. It all gets deposited
16 into his Navy Federal Credit Union account.

17 THE COURT: So he's got that 1.6 million in that
18 account.

19 MS. McCARTHY: He no longer has 1.6 million in that
20 account.

21 THE COURT: Well, he did as of that date.

22 MS. McCARTHY: He did as of that date, March 20th.

23 THE COURT: And was that money put back into Centra
24 Tech?

25 MS. McCARTHY: No.

1 THE COURT: That was just --

2 MS. MCCARTHY: This is the total withdrawals and at
3 times the funds were used for Centra Tech related purposes,
4 sometimes they were not. That was his personal checking
5 account. And Judge, we've been trying to get his father to be
6 the power of attorney on that account for the Navy Federal
7 Credit Union so that I can see all of the ins and outs of that

8 account including checks written but my client's in jail.

9 It's hard to do this. We need a notary to be there. We've
10 done all of that. And yet the bank has rejected it. We have
11 to do it again. So I won't have those details. The
12 Government tells me they don't have those details so I can't
13 provide those to the Court despite a week and a half of trying
14 to do that. But I feel like we've done quite a bit being able
15 to show the Court that despite what the Government said that
16 we don't know where that money went, we do know where the
17 money went from the Gemini account. And so that I think is a
18 significant thing that should give the Court some comfort that
19 he is not setting up accounts all over the place to manage to
20 flee if he's released on bail which seems to be what the
21 Government is claiming.

22 And Judge, of course if the Court has questions on
23 that, but I just want to tell you the second thing that we
24 came to address today was as the Court knows there was a
25 virtual wallet, or there is a virtual wallet, which still

1 contains 9,000 of ether which is valued right now today a
2 little bit over \$6 million and that is Mr. Sharma's money. We
3 told the Court that we would come with a proposal to have
4 those funds secured in a way that Mr. Sharma would not have
5 access to \$6 million if he were released on bail conditions.
6 And Your Honor, what we have proposed to the Government is
7 that Mr. Sharma's, Dr. Rakesh Sharma, who lives in Binghamton,

8 New York and is an emergency room doctor, would be the trustee
9 of a trust. The trust administrator would be an attorney by
10 the name of Richard J. Miller, Jr., who is a partner, the
11 managing partner at Morris & McVeigh. And Your Honor, if I
12 could approach and hand up his CV?

13 THE COURT: Again, you've provided this I assume?

14 MS. MCCARTHY: I have, yes. I've spoken with Mr.
15 Miller. He is happy to take on being the trust administrator
16 in these circumstances. He's very comfortable with virtual
17 currency. The trust document that we would draft would of
18 course have to be approved by the Government and the Court and
19 they would allow trust funds to be distributed for just his
20 enumerated expenses such as legal fees, living expenses,
21 travel depending on where he is to get to court, medical
22 expenses and things of that nature. Mr. Sharma would have no
23 ability, although he would be the beneficiary of the trust,
24 would have no ability to invade the trust until such time as
25 is set in the trust agreement, trust document. So for

1 instance, we could have it be that upon the termination of the
2 case, in this case in the Southern District of New York, the
3 funds would then revert to Mr. Sharma but not before then. So
4 we would set some sort of a possible termination date. We
5 haven't drafted the trust document, Your Honor, because I
6 wanted to talk to the Court about it and see if this would be
7 something that would work. I have, however, today spoken with

8 my client. We're going to go ahead and prepare a trust anyway
9 because he thinks it's in his interest to have a trust to
10 oversee those funds. So --

11 THE COURT: So how much is currently in the Navy
12 federal checking account?

13 MS. MCCARTHY: The last statement that I have,
14 Judge, I think it was -- and I don't have the most current
15 statement because I'm not able to access it. I believe it was
16 229,000 as of April 8. However, for a period of time the
17 general counsel of Centra Tech, whose name is Alan Shutt, S-H-
18 U-T-T, had power of attorney over that account and I believe
19 was paying certain expenses out of that account. So at this
20 point I don't know how much is left in there because again I
21 haven't been able to get the power of attorney squared away.

22 ~~Mr. Sharma believes there may be about 100,000 left in there~~
23 ~~after -- less the expenses that were made by Alan Shutt as~~
24 ~~power of attorney over the account.~~

25 THE COURT: So was it one time over \$1.5 million?

1 MS. McCARTHY: Had gone into the --

2 THE COURT: It's now down to 100,000?

3 MS. McCARTHY: Since October 2016 there had been 1.6
4 overtime deposited.

5 THE COURT: I'm sorry. I'm looking at this balance
6 seemingly as of March 20.

7 MS. McCARTHY: Yes.

8 THE COURT: 2018? Or is that not a balance? Is
9 that just a total of deposits?

10 MS. McCARTHY: That's the total deposits that were
11 over that period of time.

12 THE COURT: So these deposits totaling \$1.65 million
13 were being used to pay company expenses? Legal expenses?
14 They are being used for what that it's gone down to \$100,000?

15 MS. McCARTHY: Some of both. But Your Honor, I
16 don't, as I said, I don't have the details of that. If I can
17 get the power of attorney or the Government can subpoena those
18 details, I'd love for them to do that and we can all know
19 exactly where everything went. But I see certain things that
20 I'm able to explain and certain things that I'm not able to
21 explain. For instance, Mr. Sharma purchased a domain name at
22 one point for nearly \$300,000. He

23 THE COURT: Out of that account?

24 MS. McCARTHY: Yes. He paid Raymond Trapani, who is
25 a co-defendant, he paid him a severance payment. How much was

11

1 that? About \$100,000. There are just other expenses in there
2 that if I had the details I could explain it to the Court.

3 THE COURT: Just sort of curious. A lot of these
4 amounts that are being withdrawn from the Gemini account or
5 accounts are odd numbers. They're not round at all. It's not
6 like let me take \$100,000 out and do something. They are
7 numbers like \$132,627.80.

8 MS. MCCARTHY: Your Honor, it was lots of ether, so
9 it would be -- and by that I mean like --

10 THE COURT: Based on rate at the time?

11 MS. MCCARTHY: 25 -- hold on a second.

12 THE COURT: I'm just curious because when you look
13 above a lot of those withdrawals and deposits are round
14 numbers.

15 MS. MCCARTHY: I think it was just his trading
16 style, Your Honor. I can't explain it otherwise. I don't
17 think that there's any rhyme or reason to it. I think it just
18 depended on what he wanted to get out that day or what he was
19 trading because you'll see that he'll make withdrawals and
20 then he'll deposit ether.

21 THE COURT: Was it based on some kind of conversion
22 rate? Is that why it's so odd?

23 MS. MCCARTHY: Yeah. It's based upon how much the
24 ether is valued at on that particular day.

25 THE COURT: So on the dates above when round numbers

1 were taken out, 95,000, 96,000, 206,000, as opposed to these,
2 you know, down to a penny, there was a round number conversion
3 rate at that time?

4 MS. McCARTHY: I wish that I could tell you that I
5 was an ether expert and I'm not. But we do have a record of
6 what was taken out and where it went.

7 THE COURT: I'm just curious.

8 MS. McCARTHY: Yeah. But you know, I can tell you
9 that every day you can actually look up on Google and see how
10 much the ether is worth and I had printed it out for today
11 just to tell the Court and now I can't find it --

12 THE COURT: It's all right.

13 MS. McCARTHY: -- in all these papers. But it
14 changes daily.

15 THE COURT: And you do you don't have something that
16 shows the amount in the current -- currently in the checking
17 account?

18 MS. McCARTHY: I can tell you what was in there when
19 he was in prison, when he was first arrested, was a little
20 over 225. But the general counsel of the company who was
21 given power of attorney withdrew we believe about 100,000 for
22 various expenses. And so we believe it's down to about

23 THE COURT: So that's what shown on the Pretrial
24 Services report?

25 MS. McCARTHY: He thought at the time of the

1 Pretrial he had about 220,000 in there.

2 THE COURT: That's the same account, that's the same
3 reference.

4 MS. MCCARTHY: The same account, yes.

5 THE COURT: All right. So let me hear from the
6 Government in response to all this.

7 MR. ENSER: Your Honor, I don't have much to say

8 about the Gemini trading or about what Ms. McCarthy has
9 represented to the Court about that particular bank account.
10 But I have new information --

11 THE COURT: That you've shared?

12 MR. ENSER: Yes. I've shared it, I previewed it,
13 and I've provided the evidence that we are going to rely on.

14 First, we have reason to believe that the defendant
15 may have at least one passport that he didn't disclose to
16 Pretrial.

17 We have additional information about how he
18 obstructed justice by lying to his lawyers and through his
19 lawyers to the SEC, the FBI and the Government about the
20 passcode to access the victim investor funds of more than \$60
21 million that were seized by the Government.

22 ~~And we have additional information about his past~~
23 ~~crimes including instances where he has lied to law~~
24 ~~enforcement in an attempt to evade arrest. So let me walk~~
25 ~~through that.~~

1 First, with respect to the passport, the defendant
2 was arrested on April 1 in this case. On April 16 he was
3 interviewed by Pretrial in the Southern District of Florida
4 and he was interviewed in the Southern District of New York by
5 Pretrial on May 1. He told Pretrial Services in both Florida
6 and here that he essentially had one passport that he had
7 given to his counsel. At the bail hearing before Your Honor
8 last week, his lawyer, and I assume she was relying on
9 information provided by the defendant, said twice on the
10 record that counsel has the defendant's passport. However, in
11 a recorded jail call after defendant was arrested on April 1,
12 on the date of his arrest Sunday April 1, he participates in a
13 three-way call with his girlfriend who is a subject of our
14 investigation, and Raymond Trapani who is now his codefendant.
15 And in that call he makes two references to -- I should back
16 up. At the beginning of the call his girlfriend, Brielle
17 Farkas, he was living with her --

18 THE COURT: I thought the codefendant was someone
19 named Farkas.

20 MR. ENSER: Judge, at the time the initial complaint
21 charged him and Robert Farkas. We later filed another
22 complaint against a third cofounder of their company, Raymond
23 Trapani. So I'm referring to Trapani as a codefendant.

24 THE COURT: It's on a separate complaint?

25 MR. ENSER: It is.

1 THE COURT: Okay.

2 MR. ENSER: And both of those complaints were
3 exhibits to the letter that the Government submitted on May 1
4 in advance of the first bail hearing in this case.

5 THE COURT: Which I don't have a copy of anymore.

6 MR. ENSER: I have it right here if Your Honor wants
7 it.

8 THE COURT: I think we gave it back.

9 MR. ENSER: I have it right here. So in this call,
10 in this three-way call -- there are two three-way calls. The
11 first call is between -- it starts out with the defendant,
12 Sharma, and Raymond Trapani. At the time, Sharma and Farkas,
13 Sharma and Robert Farkas had been charged, Raymond Trapani had
14 not yet been charged. And what happens in that call Trapani
15 asks Sharma, "Is my name on the report?" I believe he's
16 talking about the complaint. Sharma tells him no. Trapani
17 says, "It was just you and RJ." RJ is the nickname of Robert
18 Farkas. What's the reasoning behind that? In other words,
19 Trapani is asking how come they didn't charge me too
20 confirming that he is a coconspirator.

~~21 The second call, three-way between Trapani, Sharma,~~
~~22 and Brielle Farkas. That's Sharma's girlfriend. And it~~
~~23 happens to be the sister of his codefendant, Robert Farkas.~~
~~24 Early in the call Brielle, the girlfriend, tells Trapani who~~
~~25 tells Sharma they might come back to get a search warrant. In~~

1 other words, the FBI or the Government may get a search
2 warrant to come search the apartment that Sharma had just been
3 arrested in. This is the same apartment that we later learned
4 contained the passcode, the real passcode, to the digital
5 wallet with the victim investor funds of more than \$60 million
6 worth of digital assets. And the defendant's response, what
7 he says on the call is, "fuck". Later in the same call as the
8 three of them, Sharma, Trapani, and Brielle are discussing the
9 bail hearing that they're going to have, that Sharma is going
10 to have in the Southern District of Florida he says two
11 separate times, he makes reference to having passports,
12 plural. He says, "Make sure you bring the passports," and, "I
13 have to bring all my passports." Plural. Not one, plural. I
14 have conferred with the Department of Homeland Security and
15 with the State Department, Department of Diplomatic Security
16 Services, an agent from each, to get background on whether it
17 is possible the defendant might have another passport. And we
18 believe that he may still be in possession of a 2012 passport.
19 So let me walk through the facts.

20 First, according to defense counsel, Sharma was
21 issued a passport in August of 2006 in the name of Sohrab
22 [Ph.] Sharma which expired in August 2011.

23 Second, we know from the Department of Homeland
24 Security that Sharma was issued a new passport in April of
25 2012 in the name of Sohrab Sharma. In February of 2016 he

1 applied and received a new passport in the same name, Sohrab
2 Sharma, both a passport book and a passport card. In his
3 application for the February 2016 passport he claimed that he
4 had lost his 2012 passport book. He says he lost it on
5 October 27, 2015 while getting into a taxicab. Because he
6 claimed he had lost it, he did not return it to the
7 authorities. He said he lost it, he didn't have it. He

8 didn't have to return it and therefore, Customs and Border
9 Patrol, the Department of State did not do what they would
10 ordinarily do when you apply for a new passport which is punch
11 holes in it to indicate that it's terminated and send it back.
12 If he still has that passport, he can use it to travel and I'm
13 going to get to that in a minute.

14 In December of 2017 he applied for and received a
15 new passport in his new name, Sam Sharma. When he did that,
16 he turned in the February 2016 passport book and card. The
17 card and book were returned to him. I understand that the
18 book would have been hole punched so it can't be used. I
19 don't know if the card was tagged or anything like that.

20 Defense counsel has represented that Sharma provided to
21 defense counsel the 2017 book and card. In other words, the
22 passport book and card issued in the name of Sam Sharma in
23 2017 and also his expired 2016 Sohrab Sharma passport. What
24 is unaccounted for is the 2012 --

25 MS. MCCARTHY: I'm sorry, it's not the 2016. It

1 expired 2006.

2 MR. ENSER: The 2006, I'm sorry. The 2006 Sohrab
3 Sharma passport which expired in 2011 and the 2017 passport
4 were given to defense counsel. Sharma could still have the
5 2012 book, the one that he claimed was stolen. Because it was
6 issued to him as an adult, it's good for ten years meaning it
7 would not indicate it expires until sometime in 2022. And I

8 understand from talking to an agent with the Diplomatic
9 Security Service when a passport is reported stolen, there is
10 a computer system that indicates to those computers that will
11 all receive it that that passport has been reported, is
12 flagged as reported lost and should be not useable. However,
13 there are serious imperfections in the system used by Custom
14 and Border Patrol that have been exploited in the past such
15 that people with a passport that does not on its face indicate
16 that it is unuseable, expired, terminated have been able to
17 flee the country. As an example, the agent explained to me
18 that if you take a passport which has been flagged as lost and
19 go to buy a ticket at the counter at the airport for a
20 commercial flight very shortly before the flight takes off, if
21 you do that and you pay cash, the airline will send a
22 computerized notification to Customs and Border Patrol but
23 very frequently the flyer, the passenger, the person trying to
24 flee can get on the plane and even take off before Customs and
25 Border Patrol gets back to the airline to say that passport is

1 no good. And people have fled the country that way. And one
2 example the agent gave to me, which I think is particularly
3 applicable here or pertinent, if you're leaving the United
4 States there is no Customs when you're exiting. The airline
5 bears the burden of notifying Customs and Border Patrol. So
6 if Sharma, for example, wanted to fly to Iran he could get a
7 commercial flight to Iran via Jordan. So in other words, with
8 a stopover in Jordan. He can buy the ticket at the counter,
9 pay in cash. CBP won't give word back to the airline in time.
10 He gets to Jordan. Jordan doesn't check because it's just a
11 stopover. And then he gets to Iran. And Iran doesn't share
12 the computerized database used by the State Department, so
13 they would either not know or not care that that 2012 passport
14 is no good. That's one example. There are other examples of
15 how a passport like this could be used to flee. He said
16 passports in plural on that call. And given his history of
17 lying, his conviction for perjury, the overwhelming evidence
18 that he lied and committed securities fraud in this case, we
19 don't trust in any way representations he's made whether to
20 his counsel, to the Court, to Pretrial about the number of
21 ~~passports he has. We have serious concerns that he has~~
22 ~~another passport that he could use to flee.~~

23 ~~We have also additional information about how he~~
24 ~~obstructed justice.~~

25 ~~MS. MCCARTHY: May I address the passports before we~~

1 go on to the next issue? Is that possible?

2 THE COURT: I will come back to you.

3 MS. MCCARTHY: Okay.

4 THE COURT: Just make a note.

5 MS. MCCARTHY: Yep.

6 MR. ENSER: So in order to understand the
7 obstruction, some of this background was provided previously

8 but a little background is necessary. The defendant, his
9 codefendant Raymond Trapani, his codefendant Robert Farkas,
10 they co-founded this company Centra Tech in 2017. During the
11 period from July 30th to October 5, 2017 they committed the
12 main piece of the fraud we charged and through that fraud they
13 raised digital assets at least 91,000 ether units. Ether is a
14 digital currency or crypto currency. At the time they were
15 worth over 25 million. Today those funds are worth over 60
16 million. Initially -- and by the way, I'm basing this
17 information on information that's provided by Centra Tech
18 through its outside counsel at Ballard Spahr through counsel
19 for Sharma, through counsel for Farkas, and through
20 information that I received from the FBI agents who arrested
21 Sharma. So through the fraud they raised that money. Then
22 initially that money was in a digital wallet that only Sharma
23 could access through a passcode. The Securities and Exchange
24 Commission issued a subpoena at the end of November of 2017 to
25 the company. The company thus became aware that the SEC was

1 investigating them. And Centra, through its outside counsel
2 at Ballard Spahr started to talk to the SEC. The SEC
3 expressed concerns that Sharma being the only one with the
4 passcode. And so Sharma then called Robert Farkas, his
5 codefendant, and Alan Shutt, the general counsel and chief
6 compliance officer of Centra Tech while they were in
7 California for a conference. And Sharma told them that they

8 had to move the money to a new digital wallet, they had to
9 have only one passcode and they had to use a protocol to
10 secure that passcode.

11 THE COURT: Don't repeat what I was told last time.

12 MR. ENSER: Okay.

13 THE COURT: I know I heard the story about half and
14 half and then it turned out not be the real thing and was
15 taped to the bottom of the drawer. I got all that.

16 MR. ENSER: Okay. Well, what's important there in
17 that little piece of it is Sharma lied to Farkas and to Shutt
18 because he told them what he was transmitting to them was the
19 passcode.

20 THE COURT: Heard that last time.

21 MR. ENSER: Here's what's new. On April 1 when

22 Sharma was arrested in the apartment that he shares with his
23 girlfriend Brielle Farkas, the agents went to the condominium,
24 they go to the 10th floor. That's the floor the apartment is
25 on. The agents as they were walking to the front door they

1 heard the door lock. They then knocked at the front door for
2 approximately three to five minutes knocking and announcing
3 themselves. No one opened the door. They tried calling
4 Sharma's phone. They heard it ring and then they heard it go
5 off. Well, they heard a phone ring, and then they heard the
6 phone get silenced. They continued knocking and announcing
7 themselves. One of the agents went to get the condo manager.

8 He came up and opened the door. At that point they saw Sharma
9 and Brielle Farkas, his girlfriend, walking down a staircase.
10 Sharma had a phone in his hand.

11 THE COURT: I'm sorry, a back staircase? What do
12 you mean walking --

13 MR. ENSER: I believe this is a two floor apartment.
14 If I'm understanding it correctly, I think this is an
15 apartment that has like two floors.

16 THE COURT: A duplex apartment?

17 MR. ENSER: I think so, Judge. I'm going --

18 THE COURT: They're coming in one door and they're
19 going down in the apartment to another level?

20 MR. ENSER: I think they were in the upper level
21 coming down is my understanding from reading --

22 THE COURT: And your folks are going in on the lower
23 level --

24 MR. ENSER: Right.

25 THE COURT: -- or going in on the upper level?

1 MR. ENSER: Lower level.

2 THE COURT: Okay.

3 MR. ENSER: Open door. Brielle and Sharma are
4 coming down.

5 THE COURT: Okay.

6 MR. ENSER: When they heard that phone we assume
7 Sharma would have been near where they were on that ground

8 level or whatever on the 10th floor behind the door. So they
9 command Sharma and Brielle outside the apartment. They detain
10 them. And either there or in route to being processed Sharma
11 said that he did see the agents through the peephole but he
12 wasn't sure if they were real agents and so he was making
13 phone calls to figure out what to do. We believe during that
14 time span there was enough time for him to hide the passcode
15 which was in that drawer and we suspect that that's what was
16 happening there. That time period was him attempting to hide,
17 and successfully hiding the passcode when he knew agents were
18 there to arrest him.

19 THE COURT: What makes you say that?

20 MR. ENSER: It was found in the apartment and he had
21 enough time and that three to five minute window. Also the
22 fact that he was on a different level suggests that he left
23 you know, he sees the agents, locks the door, goes up, hides
24 it, comes back down. It also explains the comment on the
25 phone call when he's told that the FBI or the Government are

1 making a search warrant to come back and his response was,
2 "fuck."

3 THE COURT: The kitchen is upstairs?

4 MR. ENSER: Judge, I haven't been to the apartment
5 and I'm inferring that. I only have a 302 of the arrest. I
6 don't know. I'm sure the defendant can speak to that.

7 THE COURT: They're shaking their head.

8 MS. MCCARTHY: Downstairs.

9 MR. ENSER: Okay. It's down. So it's two levels
10 but it's downstairs is what I'm told. I don't think that
11 changes --

12 THE COURT: Well, it changes they went upstairs to
13 hide something and came back down again.

14 MR. ENSER: As opposed to maybe they went downstairs
15 and then came back up. I'm not sure if they went up or down.
16 I haven't been to the apartment. I have a 302 that I'm going
17 off of that describes seeing the two of them coming up or down
18 a staircase. But the bottom line is the time -- they had
19 enough time to hide it. His comment "fuck" suggests he was
20 concerned they would go back to search there. And we know it
21 was in fact recovered in a drawer in the kitchen next to the
22 stove.

23 The other thing we know is that after the government
24 obtained a seizure warrant we know from counsel for Robert
25 Farkas, that's Sharma's codefendant, that while Sharma and

1 Farkas were detained together in Florida, Sharma told Farkas
2 "I altered the passcode. The passcode that you had half of
3 and that was given to the Government that the Government got a
4 hold of, I altered it." Tell the Government and the Court
5 that you altered it and that the reason you altered it was as
6 an additional security measure. So I think, Judge, that's the
7 additional information that you may not have already known.

8 And it demonstrates I think quite clearly Sharma's lack of
9 regard for the law, his willingness to obstruct justice, his
10 willingness to lie to anyone to protect his assets and his
11 ability to flee. We do not know, we don't know if we have
12 identified all of his assets. We're only beginning to get
13 records from subpoenas. We learn more every day. And at
14 bottom, the notion that the Court is aware of the full
15 universe of his assets at bottom it comes down to whether or
16 not he has told the truth, but he's a convicted serial liar.
17 We've discussed before he has an incentive to flee. His
18 guidelines are 210 to 262 months. That's our preliminary
19 guidelines analysis before the obstruction. With the
20 obstruction, that would raise it to 262 to 327 months. The
21 case is -- it's not just strong, it's overwhelming. And the
22 two complaints before Your Honor and in particular I think the
23 Trapani complaint which has text messages where Sharma is
24 overtly discussing the plot, the fraud charged, and other
25 aspects of the fraud in the case with his coconspirators is

1 devastating and overwhelming. That gives him another
2 incentive to flee. He has the means to flee. And that's in
3 part because we know -- the Court is now aware of significant
4 assets he has. And who knows if there are other assets we're
5 not aware of?

6 THE COURT: Well, hold on a second. Last time I had
7 counsel in I was told that over a period of, a limited period
8 of time a small number of months Mr. Sharma was regularly
9 withdrawing hundreds of thousands of dollars. He didn't know
10 where the money was. And talking about means to flee, there
11 was concern about what he was doing with that money. And so I
12 said let's see if we can find out what that story was and
13 because I was concerned about the idea of means to flee. And
14 so counsel did all this work and came in with this color coded
15 chart which shows -- I'm assuming this is what you were
16 talking about with the -- the Government was talking about
17 with hundreds of thousands of dollars that had been withdrawn
18 unless it's different hundreds of thousands of dollars from
19 different accounts. So now we see where that money went. And
20 I'm not sure what it means by going back into the company.
21 I'll come back to defense counsel on this, the Centra Tech
22 checking account and what that Centra Tech checking account is
23 used for, who has access to it, whether Mr. Sharma has the
24 ability to withdraw money from that for personal use. And we
25 see going into this other account which apparently now seems

1 somewhat depleted. Very depleted. But when you talk about
2 means to flee, there is the \$6 million that counsel is
3 proposing be put in the control of a trustee. What is the
4 means to flee that you are particularly concerned about other
5 than we don't know what else there is? What do you know about
6 that gives you concern about means to flee?

7 MR. ENSER: I am in a -- I'm at a disadvantage

8 because I don't know the full universe of his assets.

9 THE COURT: Right. But when you say we knows he has
10 means to flee, why do we know that? How do we know that?
11 What means to flee are there that I should be concerned about
12 right now?

13 MR. ENSER: First you have, which is submitted with
14 our letter, Sharma wrote an email to the Gemini Exchange. I'm
15 just trying to find which exhibit it is.

16 THE COURT: I thought these exhibits were prior
17 charging instruments. The very end maybe? I see an email
18 that's Exhibit [inaudible]. Is that what you're talking
19 about?

20 MR. ENSER: Yes. Yes, Judge. This is the email.

21 This is less than a year ago. He gives an account of what he

22 says his assets are. I already earn -- this is the last line

23 of his email dated October 16, 2017. I already earn over 350K

24 a year from my W-2 employment and I have a large amount of

25 money still invested into crypto currencies, plural. Now, my

1 understanding is the funds that I think defense counsel is
2 talking about putting in a trust, if I'm not mistaken -- let
3 me just confer with --

4 [Pause in proceedings.]

5 MR. ENSER: The 9,000 ether that is now valued at
6 over six million, that's I think what defense counsel is
7 talking about setting up a trust to manage.

8 THE COURT: Right. That's my understanding.

9 MR. ENSER: That's one type of crypto currency.
10 It's not crypto currencies plural. It's ether. There are
11 other types of crypto currencies. So when he says I have a
12 large amount of money still invested into crypto currencies,
13 plural, I don't know what that means. I don't know if there
14 are other types of crypto currencies that he has pockets of
15 out there. And you have his statement that I earn over
16 350,000 a year. It's inconsistent with what he told Pretrial.
17 Now, if he was telling the truth there, then he has not
18 disclosed to Pretrial income that would have generated assets
19 that could be somewhere that we don't know about. And you
20 know, with his history of lying, we don't know. But there is
21 certainly from this document cause for concern that there
22 would be other assets he would have access to. So when I say,
23 Judge, that there could be other assets, that's what I'm
24 basing it on.
25 The other thing I think that would be relevant for

1 Your Honor is the circumstances of his arrest in the perjury
2 case because that's new information that Your Honor wasn't
3 previously aware of. From information provided by the
4 District Attorney's office, my understanding that perjury
5 case, what happened in that case is in March of 2016 the
6 defendant was caught drunk driving. He lied to the officer
7 about whether he was drunk. He took the case to trial. He
8 lied under oath at the trial. And then he was indicted
9 towards the end of 2017, in September 2017. The District
10 Attorney's office in Manhattan obtained an arrest warrant and
11 they a sheriff or law enforcement officer in Florida went to
12 arrest him. He went to an address that he had for Sharma
13 where Sharma was living at the time with his girlfriend,
14 Brielle Parkas. He approached Sharma and he said, "Are you
15 Sam Sharma?" Sharma said no. "Are you Sohrab Sharma?" "Yes.
16 How did you find me?" And then further discussion ensued and
17 he arrested him. It's an example of him lying to evade
18 enforcement, of him trying to hide his identity to avoid
19 getting arrested. I think those are the only additional facts
20 that I have to bring to Your Honor's attention. I think Your
21 Honor is aware of the other circumstances. Our opposition is
22 we're seeking detention. We don't think any set of conditions
23 can be set here that are appropriate.
24 THE COURT: By the way, the third, now the third
25 codefendant arrested on a different complaint, was bail set

1 for that person or was he detained?

2 MR. ENSER: He was released on conditions requiring
3 I believe either home detention or home incarceration and
4 participation in an inpatient drug treatment program. He's
5 currently, I understand from his attorney, in the inpatient
6 program in Florida.

7 THE COURT: Okay.

8 MS. MCCARTHY: Your Honor, if I may just address
9 initially the passport issue. I have in my hand the passport
10 issued December 13, 2017 to Sam Sharma. He changed his name
11 legally in I believe October of 2017 from Sohrab to Sam. He
12 has the passport and I have the passport card that joins with
13 this passport. I also have a canceled passport from 2006,
14 expired in 2011 under the name of Sohrab Sharma.

15 One thing that I think is important to keep in mind
16 is that my client has been in custody since April 1st. I
17 obtained these passports by talking to Brielle Farkas who
18 lives in his apartment and she sent me this passport. And I
19 said to her can you please look and see if there are any other
20 canceled passports in the house because sometimes people keep
21 them. And she found this one from 2006. She told me she
22 couldn't find any other passports in the house. I can
23 certainly have her search the house up and down again, but
24 Your Honor, I don't know what to tell you. I mean this is the
25 most current passport. I believe that under the conditions

1 that we would propose for Mr. Sharma's release that it would
2 be very, very difficult for him to do what sounds like a James
3 Bond move buying a plane ticket in cash and jumping onto the
4 plane and flying to Jordan and then to Iran. I don't know
5 where that comes from. I would propose that he be on home
6 detention and that he have an ankle monitor or bracelet of
7 some kind so that Probation or Pretrial always knows where he
8 is. It would be really hard for him to get to the airport and
9 get on a plane in those circumstances and particularly since
10 the most current passport will be in Pretrial Services'
11 possession.

12 So Your Honor, I don't think we have to, when
13 setting bail or considering bail and whether bail can be set
14 to think of every wild possibility out there in the universe.
15 People can flee. It's absolutely sure. And I don't know that
16 there's any 100 percent guarantee that someone won't flee
17 short of incarceration, but that is not what the Bail Reform
18 Act requires.

19 THE COURT: Is Centra Tech, that was the company he
20 was working for?

21 MS. McCARTHY: That was his company, yes, Your
22 Honor.

23 THE COURT: Is it still in business?

24 MS. McCARTHY: I think we reported that the list
25 time we were here

1 THE COURT: I don't remember.

2 MS. MCCARTHY: -- since his -- I know. Since his
3 arrest on April 1st essentially the company has had to wind
4 down. All of their electronics has been delivered to the
5 Government. There was a subpoena issued and rather than have
6 counsel go through the expense of issuing and reviewing all
7 the documents potentially responsive to the subpoena, Mr.

8 Sharma instructed general counsel and Ballard Spahr to simply
9 turn over to the Government all of their equipment. They have
10 nothing left. They had to leave the place where they were
11 renting space. They have -- I've spoken to Mr. Enser about
12 this, they have paid for a certain period of time to maintain
13 data in the cloud. I asked the Government to please look into
14 that because we are not in a position to keep up that payment.

15 THE COURT: Do you have any idea where this 350 a
16 year, 350K a year comes from?

17 MS. MCCARTHY: Your Honor, I can tell you that
18 before he was arrested, convicted in a DUI, he had been an
19 officer of Centra Tech and had been a salaried employee of
20 Centra Tech. Centra Tech's records aren't so great and so I
21 don't really -- I don't have any of the key documents. I have
22 a single one from December of 2017 showing a \$1,000 payment to
23 him but that was after he had been taken out as an officer of
24 the company. But prior to that, he was an officer of the
25 company who was a salaried employee. But I cannot answer

1 exactly what his salary was. I

2 THE COURT: This is a significant discrepancy
3 between what the Pretrial Services report indicates was a
4 salary and what this email indicates was his salary.

5 MS. McCARTHY: Sure, Your Honor. Well, at the time
6 of the email he was still an officer of the company I believe.
7 And Your Honor, I did have an opportunity to speak with the

8 attorney. Let me just find -- I spoke with the attorney for a
9 woman by the name of Lorraine Martinez who starting in January
10 2018 was responsible for payroll at Centra Tech. She told me
11 that -- and this can only be for 2018. She recalls that Mr.
12 Sharma received a salary of about \$1,200 biweekly. So every
13 two weeks he would receive a \$1,200 payment. And after taxes
14 the net check would be a little over 650. And then Mr. Sharma
15 asked her to keep those checks in his employee file and he
16 would periodically take a check and deposit it. And so that
17 is what she said he was receiving in salary in 2018.

18 THE COURT: 650? Say that again?

19 MS. McCARTHY: 1,200 biweekly.

20 THE COURT: Biweekly meaning every other week?

21 MS. McCARTHY: Yeah.

22 THE COURT: Or twice a week?

23 MS. McCARTHY: No, biweekly. Every other week. So
24 twice a month he would get \$1,200.

25 THE COURT: So roughly \$2,500 a month?

1 MS. McCARTHY: Mm hm [positive inflection]. 2,400 a
2 month.

3 THE COURT: So roughly 30,000 or something like
4 that?

5 MS. McCARTHY: I believe so.

6 THE COURT: So any idea where this 350,000 a year?
7 I asked that before that seems very inconsistent.

8 MS. McCARTHY: So yes, Your Honor, what I'm trying
9 to explain, I'm so sorry I'm not being clear, but he had an
10 arrest, there was a perjury arrest I believe was a thing that
11 got him kicked out as the officer of the company.

12 THE COURT: Right. But even the Pretrial report
13 says he indicated he initially earned \$100,000 last year but
14 later that year his salary was modified. So the 350 then
15 would be -- this is prior thereto. He work someplace else for
16 a period of two years. In other words, Pretrial Services goes
17 through a history --

18 MS. McCARTHY: He's had other companies.

19 THE COURT: -- of payment and there's nothing in
20 there that looks like 350 in income.

21 MS. McCARTHY: Yeah. I don't have any ability right
22 now to tell the Court exactly what he received from Centra

23 Tech. I was sitting in that little room with him too. It was
24 right after we had first started talking and the Pretrial
25 Services officer was kind enough to come in and conduct his

1 interview right there. I don't think that there's -- I can't
2 explain the discrepancy, Your Honor, but I can tell you that I
3 have been able to determine from the HR person what he was
4 making in 2018 which I think was another issue I was -- during
5 the last hearing the Government said that that seemed not
6 credible. So Judge, I'm trying sort of step by step to
7 address these issues as they arise. It's a bit like --

8 THE COURT: All right. There were other things you
9 wanted to say before I interrupted you?

10 MS. MCCARTHY: Yes. Your Honor, the whole scenario
11 of the arrest with Mr. Sharma and his girlfriend, you know,
12 being concerned about people knocking on their door, I don't
13 think that's a crazy thing for people to be concerned about,
14 people knocking on their door. Certainly Mr. Sharma would be
15 concerned on the phone after he is arrested that there may be
16 a search warrant because as we now know and as he informed me
17 to inform the Government he had in fact hidden the pass code
18 under a kitchen drawer in that apartment. So it's perfectly
19 reasonable that in a call after his arrest he would be worried
20 about a search. So I'm not sure what the Court is supposed to
21 assume from that.

22 ~~The other thing, Your Honor, again going back to~~
23 ~~this email to Gemini where he says I have a large amount of~~
24 ~~money still invested in crypto currencies, he had an ether~~
25 ~~account which we know about the 9,000. That's different from~~

1 what's held in Gemini. That's held on the ethereum platform.
2 It's not Gemini. And he had bitcoin in the Gemini account.
3 So those are two different kinds of crypto currencies. So
4 Judge, I don't know that -- the Government is sort of -- seems
5 to be suggesting that we need to have certainty about every
6 aspect of Mr. Sharma's life. And I don't know that that is a
7 requirement. I don't believe it's a requirement. I ask the
8 Court to consider the things that we've been able to come up
9 with to secure the \$6 million worth of ether. The fact that
10 we've been able to determine where the Gemini bitcoin
11 withdrawals went and that we set up conditions that I believe
12 would secure his appearance in court. His father, who's a
13 doctor in Binghamton, is willing to be a cosigner. His
14 stepfather who lives in Port Washington and is a manager of
15 Starbucks in Manhattan and a number of Starbucks in a
16 territory are both willing to cosign a bond for him. I
17 believe that conditions can be set and we ask that the Court
18 do so.

19 THE COURT: Let me ask one last thing on this. The
20 Government said in its letter at the time it was written which
21 might have been before certain information came out, I'm not
22 sure of the timing, said if the Court is not inclined to
23 detain Sharma, a specific set of conditions should be met
24 prior to release, before release. Those consistence are
25 consistent with the conditions imposed by Judge Wang with

1 respect to Mr. Sharma's codefendant, Mr. Farkas. And that
2 included a \$5 million bond secured by \$1 million in cash or
3 property. I don't know what Mr. Farkas' personal financial
4 circumstances were, what income or actually what assets he
5 reported or the Government believes he had or his counsel
6 discussed. I wasn't there for that. If I were to try to set
7 conditions that are reasonably consistent with that but

8 tailored to this particular defendant, would that bond amount
9 under the circumstances make sense? Or is there concern that
10 there is \$6 million in an account which belongs to defendant
11 which could easily be used to satisfy a \$5 million bond
12 leaving \$1 million left over?

13 MS. MCCARTHY: Your Honor, can I just address I? I
14 mean it is valued at \$6 million but essentially the way that
15 it works with bitcoin or with ether --

16 THE COURT: I need educating on this, yes.

17 MS. MCCARTHY: Yeah. There's a basis in it. So if
18 he bought ether at 75 and now it's selling at 550, you know,
19 he's got earnings on that. And so there has to be a tax paid
20 on the earnings. And he was in jail during tax time so he
21 didn't get to file an extension for 2017. There's significant
22 tax owed for 2017 for those transactions. So if the Court
23 could consider it as one would normally do if one gets a bonus
24 and tax hasn't been withdrawn as you consider that you have
25 half of it

1 THE COURT: Well, my assumption in asking the
2 question is someone who isn't caring a whole lot about
3 consequences and is fleeing. So if he were to flee and the
4 money in this account were taken out, no taxes were paid on
5 it, and the money was taken to pay the bond and the Government
6 came after the now gone Mr. Sharma to pay his owed taxes, he
7 might say well too bad, I'm not around.

8 MS. MCCARTHY: Well, one of the things he needs to
9 do, Your Honor, is he needs to pay counsel. And so I would
10 ask that the Court not encumber \$6 million worth of --

11 THE COURT: Again, this whole assumption is if he's
12 gone somewhere and not defending this case anymore because
13 he's gone.

14 MS. MCCARTHY: Right. But you can't spend security.
15 You can spend the security on a bond. If you use \$6 million
16 worth of ether as security, I believe is what the Court was
17 saying --

18 THE COURT: No, no, no. I wasn't --

19 MS. MCCARTHY: Or were you saying \$6 million bond.

20 THE COURT: -- No, no, no. If I set a \$5 million bond
21 which was done in Mr. Farkas' case and Mr. Sharma decided to
22 flee, there's \$6 million that he's left behind. So if someone
23 said to a cosigner you owe money on this and he's given them
24 power to access that account, there's \$6 million in this
25 account that could arguably be used at the time to pay off the

1 bond. He's gone and he's not incurring -- I'm just trying to
2 understand in terms of a bond amount. I'm not looking for
3 cash security. I'm just trying to figure out what's
4 reasonable for a bond amount that would, if I set conditions,
5 that would give people concern, would give Mr. Sharma concern
6 that if he fled there'd be real consequences to that.

7 MS. MCCARTHY: So Your Honor, as I've indicated, we
8 are setting up the trust for that account. And so paying of
9 cosigners would not be part of the trust document. So I don't
10 believe that that will be a valid concern. The Court will
11 have an opportunity to review the trust document and see what
12 the expenses are that the trustee is permitted to authorize
13 from the trust. And again, there will be a trust
14 administrator ensuring that everything is done properly.

15 THE COURT: Let me ask again just for reasonable
16 fairness as between defendants. If I were to go this route,
17 what was the Government's understanding about assets and
18 income of Mr. Farkas in setting a \$5 million bond and \$1
19 million security? What situation do we have there?

20 MR. ENSER: Judge, I didn't handle the Farkas bond
21 hearing. It was my colleague. I don't know the particulars.
22 What I do know is that Farkas has much more meager financial
23 means than Sharma. Sharma is the sole owner of Centra Tech.
24 My understanding is Farkas was not an owner. We are not aware
25 of him having a significant crypto-currency asset base the way

1 Sharma does. And Farkas also has I believe no criminal
2 history. He had never been arrested before. So I think it's
3 fair to say that they are not similarly situated in terms of
4 the stringency required or both from a financial resources
5 perspective, criminal history perspective. He's much -- I
6 think Farkas is not as much of a flight risk as Sharma.

7 THE COURT: I understand.

8 MR. ENSER: In other words, we object to any bond.
9 We think only detention is appropriate. But to the extent the
10 Court is going to set a bond, we think it should be higher
11 than the amount set for Farkas.

12 THE COURT: Okay. Because the letter that I got
13 said it should be consistent -- well, I don't know. It says -
14 -

15 MR. ENSER: It says we seek detention but in the
16 alternative --

17 THE COURT: These conditions -- it said if the Court
18 is not inclined to detain Sharma, the specific set of
19 conditions should be met before any release. Those conditions
20 are consistent with those imposed by Judge Wang and are as
21 follows. So it seems to me that what you're proposing here,
22 this was the fallback plan if I were not to order detention.

23 And it looks like it's the same amounts.

24 MR. ENSER: It was the fallback plan. That was
25 before we learned that he had obstructed justice with the

1 passcode.

2 THE COURT: No, it isn't.

3 MR. ENSER: It is, Judge. This letter was filed
4 before we had gotten into the --

5 THE COURT: How could that be? You already had the
6 passcode that was not working and knew that there was
7 something wrong with it and --

8 MR. ENSER: No, Judge. This letter was --

9 THE COURT: Wait a minute. This --

10 MR. ENSER: This letter was filed on May 1 --

11 THE COURT: Right. But --

12 MR. ENSER: -- before counsel told us that the real
13 passcode was in his apartment, in his girlfriend's apartment.

14 THE COURT: Yes, but you already knew at that time
15 that you couldn't get into the digital wallet and were making
16 that a condition of Mr. Farkas' bond that the funds come out
17 of that wallet. So you already knew he didn't have the right
18 passcode and that something was amiss. It's true you didn't
19 know that the, I gather, that the actual passcode was taped
20 underneath Mr. Sharma's draw and that he presumably was
21 knowingly keeping that from you. But you also did know that

22 ~~you didn't have it yet and that he had said here it is and it~~
23 ~~wasn't something that was actually working. So you knew~~
24 ~~something was afoot with respect to that. But even so, you~~
25 ~~knew that there was a prior perjury conviction, you knew you~~

1 were telling me up and down about obstruction. So I have to
2 go back and look here. This letter says it appears to have
3 been altered. This very letter says Sharma failed to provide
4 the correct passcode and indeed appears to have altered it in
5 order to prevent law enforcement from preserving the assets in
6 the digital wallet. That's what you were thinking at the time
7 you said \$5 million. So you already ready to accuse him. You

8 already told me about the perjury or you told me about
9 fraudulent loan applications, various sort of things. So all
10 right, I get that. I also understand that there were some
11 things said in the public hearing with respect to Mr. Farkas
12 that were individual specific and went towards flight risk.

13 All right. Here's what I'm thinking. I am
14 concerned about Mr. Sharma's seeming history of dishonesty to
15 the Government, to his own counsel perhaps and to the
16 Government. I'm concerned about that. He's got a perjury
17 conviction so that's not hypothetical. The Government's
18 proffers with respect to obstruction seem well founded at this
19 stage. I don't know if there's another passport or there
20 isn't another passport. But I'm thinking of setting
21 conditions that are similar to those set for Mr. Farkas but
22 perhaps more stringent in certain respects.

23 First of all, if I were to set conditions, would Mr.
24 Sharma be living in the same place he has been living? Would
25 that be the concept?

1 MS. MCCARTHY: He would like to live in Florida and
2 in the apartment that he was arrested in, Your Honor.

3 THE COURT: And what is the story with his
4 girlfriend? She is currently a person under investigation as
5 well in the same case?

6 MR. ENSER: She's a subject.

7 MS. MCCARTHY: Your Honor, if that were not

8 acceptable to the Court, obviously that's his first choice
9 because that's where he's made his home and all of his
10 belongings are there. But his mother is here in court. She
11 and her husband, his stepfather, have a home in Port
12 Washington. They're both employed. And he could live there.
13 Now, she's also been given a subpoena and she also has --

14 THE COURT: She --

15 MS. MCCARTHY: She was served a subpoena --

16 THE COURT: Who's she?

17 MS. MCCARTHY: The mother.

18 THE COURT: Okay.

19 MS. MCCARTHY: The last time we were here. So I
20 don't know what the Government's position would be with that.

21 ~~The third option is his father who's a doctor in Binghamton~~
22 ~~who he could live with in Binghamton. If the Court were not~~
23 ~~satisfied with him living in Binghamton, his father is willing~~
24 ~~to actually rent an apartment in Manhattan and allow him to~~
25 ~~live here and he would travel to Binghamton to work. So there~~

1 are three options, Judge, for places that people are happy to
2 have Mr. Sharma live there.

3 THE COURT: He, the father, which traveled to
4 Binghamton to work?

5 MS. MCCARTHY: Yeah. He would do that for his son.

6 THE COURT: How many people do you think you have
7 who would be financially responsible cosigners on a high bond?

8 MS. MCCARTHY: Well, the only two I can offer
9 because the other two are under subpoena are the father, who's
10 the doctor in the ER in Binghamton, and the stepfather who's
11 already been interviewed by Mr. Enser as a cosigner.

12 THE COURT: If it weren't for the subpoena, you
13 would include his mother --

14 MS. MCCARTHY: Yes.

15 THE COURT: -- as financially responsible?

16 MS. MCCARTHY: Yes.

17 THE COURT: What's the story with the defendant's
18 mother? She could not be a cosigner is the Government's view?

19 MR. ENSER: We have reason to believe from the
20 multi-year investigation that the eastern district has been
21 doing with the Department of Homeland Security that Sharma
22 previously applied for and received fraudulent loans and he
23 used his mother's name in several of the documents. We don't
24 know if she was involved in it or not. Similarly, the priest
25 fraud that was briefed in our May 1 letter, Sharma's mother

1 was renting an apartment from the priest and it was through
2 that that Sharma got access to documents from which he stole
3 the priest's identity. We don't know if his mother was a
4 knowing participant. We just don't know. So we've subpoenaed
5 her because we think she has information about this
6 investigation both with respect to those topics and other
7 topics. But that's what I can tell the Court.

8 THE COURT: Would the Government reject her at this
9 time as a cosigner?

10 MR. ENSER: I don't know what her asset situation
11 is.

12 THE COURT: No I mean because of your suspicions in
13 the investigation. Not because of assets.

14 MR. ENSER: I think, Judge, it's likely because --
15 it is likely that we would reject her. If you want to know
16 why, I can explain it. But the bottom line is we would like
17 to reject her.

18 THE COURT: Tell me what there is terms of real
19 property or cash that could be used to secure a bond.

20 MS. MCCARTHY: There's no real property. Neither
21 set of parents owns the property and Mr. Sharma doesn't own
22 property. So I believe -- I don't think I have the notes of
23 the cosigner interview with Mr. Sharma's stepfather, but I
24 believe they have \$500,000 in cash in the account. He has a
25 401(k). He has certain other savings. So probably between

1 him and his real father they could perhaps come up with a
2 million. I'm not quite sure if we can quite get there. Maybe
3 700,000 actually.

4 THE COURT: Yes.

5 MS. MCCARTHY: These are not wealthy people. They
6 are hard-working people. They don't have a lot to their
7 names. They do have moral suasion over Mr. Sharma. He's an
8 only child. He has no siblings to go to for assistance here.
9 He has elderly grandparents. His mother's parents live in
10 Port Washington. I have no idea, Your Honor, whether they
11 would be able to cosign a bond. I doubt that they have
12 anything to offer other than moral suasion. So Your Honor, we
13 submit that if we can secure the \$6 million worth of ether,
14 set a reasonably high bond that would essentially bankrupt his
15 parents, that Mr. Sharma would not flee, that it should secure
16 the Court that he will return.

17 THE COURT: Mr. Sharma, in my view you are
18 benefitting right now from having an attorney who has managed
19 to talk you into doing certain things. Those things like
20 providing the actual code for the digital wallet and allowing
21 the Government to secure those funds is helping you, in my
22 view, far more than you would have been helped had you
23 continued to hide that. So your conduct previously is exactly
24 the opposite of what you might have thought was helping you.
25 It was really hurting you. And only with this turnaround that

1 I'm seeing through this attorney sitting next to you am I
2 being at all swayed to be leaning here with respect to
3 detaining you or setting conditions. So I really want you to
4 have that sink in because the history that the Government has
5 presented of obstructing the investigation, of lying, of all
6 these things, another whiff of that in the future and I
7 guarantee you whoever is sitting up here, whether it's me or

8 somebody else, is going to say all right, well we tried but
9 this person is really not to be trusted on release. All
10 right? You hear what I'm saying?

11 THE DEFENDANT: Yes, Your Honor.

12 THE COURT: Family members hear what I'm saying as
13 well? Whoever's here in the courtroom? I'm seeing some
14 nodding. Okay.

15 Under the circumstances I'm going to set conditions
16 that are similar to what was set for Mr. Farkas but a little
17 lighter in certain cases and more stringent in other cases to
18 balance what I'm hearing about this particular defendant. I'm
19 hearing two co -- I'm going to set a \$5 million bond as in the
20 other case, the other defendant, with two cosigners because I
21 don't want to set conditions that are not possible to be met.

22 Secured by -- and if you tell me it cannot be done, if you go
23 and investigate, you'll let the Court know that you've done a
24 thorough investigation and it can't be done. I would like to
25 set 1 million in security for the bond. I don't know if

1 that's possible for you to raise but I'm going to set that
2 cash or property. I'm going to require that defendant's
3 assets in the digital wallet, you'll know what I mean by that?
4 That were in the digital wallet containing the Centra Tech
5 funds --

6 MS. MCCARTHY: Containing his personal funds at this
7 point, Judge.

8 THE COURT: Containing -- so the digital wallet had
9 Centra Tech funds and personal funds? Or it has Centra Tech
10 funds, some of which he said he had personal right to?

11 MS. MCCARTHY: So there was 100 --

12 THE COURT: Was it in the name of Centra Tech?

13 MS. MCCARTHY: It was 100,000 that was held in a
14 virtual wallet that --

15 THE COURT: Did it indicate whose name it was in?

16 MS. MCCARTHY: I think there were designations that
17 the company did but --

18 THE COURT: I'm saying containing defendant's funds.

19 MS. MCCARTHY: This 9,000 ether.

20 THE COURT: Funds, (9,000). E-T-H-E-R?

21 MS. MCCARTHY: Yes.

22 THE COURT: I'm going to say which the Court
23 understands to be currently valued at approximately \$6 million
24 just so everybody knows what money we are talking about, to be
25 placed in trust with a trust agreement to be reviewed by the

1 Government. I'm assuming the Government will review it fairly
2 and will only bring concerns to the Court's attention if you
3 actually have legitimate concerns about it. I don't want to
4 have to be bothered reviewing a trust agreement if the
5 Government can review it and say it seems to do what the Court
6 has in mind. And what that is is to have somebody else
7 managing these funds. To review by the Government and found

8 acceptable. Prohibition against use or access to computers,
9 smart phones, or internet. There may be some law on that to
10 the extent -- this goes back a ways. I recall something about
11 emergencies or whatever, you have to be able to have a phone.
12 Counsel, I'll ask both of you if there's some reason why that
13 as a complete prohibition is problematic under the law, I
14 expect you'll bring it to my attention.

15 MR. ENSER: That's fine, Judge. We don't have an
16 objection to him having a flip phone, like a dumb phone that
17 he could use to call the police.

18 THE COURT: Well sure, or a landline phone. Right.

19 MS. MCCARTHY: Your Honor, just the one thing I'd
20 like to explore just to put it out there is my client will
21 likely want to try to do some legal research. And I will talk

22 to Pretrial and see if there's a way that fact can be done.

23 Sometimes I believe that there's a way to have sort of a
24 monitoring of one's computer access. And so you know, if we
25 can come up with a proposal --

1 THE COURT: You can come up with a proposal to
2 modify this. And if this is too stringent, if the Circuit has
3 said no it's not proper to set a condition with barring all
4 internet use or something, come back to me. I don't want to
5 run afoul of law on that. But I do notice that that was a
6 condition set for Mr. Farkas. So if there is a prohibition,
7 raise it in Mr. Farkas' case as well. Is there a firearm or a
8 license?

9 MS. MCCARTHY: I'm being given his license. I will
10 turn this over to Pretrial Services along with the passport.
11 The original license was just delivered to me. And the
12 firearm was seized at the time of his arrest on April 1st by
13 the FBI.

14 THE COURT: Okay. Pretrial has a recommendation of
15 both drug and alcohol testing and treatment as deemed
16 appropriate by Pretrial Services. I'm going to accept that
17 based on what is in the report. Refrain from use of alcohol.
18 I'm going to say no contact with codefendants except in
19 presence of counsel. Pretrial is recommending codefendants,
20 victims, witnesses. I don't know if the victims' names are
21 known. Certainly he shouldn't have contact with individuals
22 who are investors. So I'm going to indicate also no contact
23 with is it Centra Tech investors?

24 MS. MCCARTHY: Yes, Your Honor.

25 THE COURT: With respect to witnesses, that causes a

1 little bit of a problem because of the girlfriend. The
2 Government's position is the girlfriend is a witness. That's
3 a tall order that he have no contact with your significant
4 other if that's who this person is. And if that is his
5 current place of abode, that's also an issue.

6 MR. ENSER: We can live with him talking to his
7 girlfriend.

8 THE COURT: All right. In that case I'm not going
9 to require him to live elsewhere. Passport surrender. If
10 there is another passport somewhere, take to heart what I
11 said. Find it, give it to your lawyer pronto, or tell her how
12 to go about finding it immediately. Okay? If some other
13 passport is found later, once again, you dig yourself a grave.
14 I'm going to run out of space to write. Do you have another
15 dispo sheet by any chance? You're going to have to Janice or
16 somebody to read this. Can't apply for another passport
17 either at this time. You already have this nice chart but I'm
18 going to accept the same language that was used for Mr. Farkas
19 with regard to disclosure of assets. Defendant to disclose
20 all assets to Pretrial Services and the US Attorney's Office
21 including any assets of which he has possession, custody, or
22 control including joint or business accounts and including
23 cash, crypto currency, or digital currency, or anything else
24 like that for which I don't know the right terminology.

25 Now, electronic monitoring or location monitoring,

1 I'm wondering about home detention as opposed to home
2 incarceration. The recommendation of Pretrial has neither but
3 I'm inclined to have monitoring with GPS monitoring in
4 particular because GPS, if you go somewhere it tells people
5 exactly where you are. But home detention is usually to allow
6 somebody to be out working and I'm not sure what the story is
7 with defendant's employment situation. I mean I'm sure it's

8 nice to be working but if he's not currently working is there
9 a reason to be somewhere outside the home?

10 MS. MCCARTHY: Your Honor, at this point there is
11 not. Certainly if that should change and he can find a W-2
12 employment which I would suggest that that would be
13 appropriate as supposed to trying to start another business
14 right now, then we would certainly revisit that. But I think
15 at this point he does not have a job to go to.

16 THE COURT: So for Pretrial, if I say home detention
17 and he doesn't have a job, does that essentially translate to
18 home incarceration for that time period?

19 FEMALE SPEAKER: Yes, Your Honor. I think it just
20 basically does not allow outside --

21 THE COURT: Unless it is for a job that is approved
22 by Pretrial Services.

23 FEMALE SPEAKER: Right. And he has to show proof of
24 where he's going to work. And then we block out the time that
25 he's allowed to be outside.

1 THE COURT: And where it is and all that. And you
2 make sure it's suitable and appropriate.

3 FEMALE SPEAKER: So if he doesn't have employment,
4 he just stays at home.

5 THE COURT: Okay. So I'm indicating home detention.
6 What that means is for the time being if you're not working
7 your home. Now whether you find another job, maybe Pretrial

8 can assist in it, but it's got to be something very definite,
9 something that they approve, not something with Internet use.
10 And that's very difficult because if you have some kind of
11 desk job, you go somewhere and there's a computer on your
12 desk, then these conditions that I'm setting are problematic.
13 So it may be a difficult thing but again, the Court is always
14 here. So if someone wants to come back and propose a
15 modification in light of changed circumstances, you can
16 propose something.

17 Defendant to be detained until all conditions are
18 met including the setting up of this trust account as reviewed
19 by the Government. I think I'm all out of conditions to set.

20 MS. MCCARTHY: And Your Honor, just for the home
21 detention, just so it's clear, can we also have it that he can

22 travel to the Southern District of New York to meet with
23 counsel and attend court appearances?

24 THE COURT: Southern District of New York, Eastern
25 District of New York, Southern District of Florida. Travel

1 only for -- I'm going to say travel -- right. Travel only for
2 court appearances, meetings with counsel, and any approved
3 work. I'm saying any work approved by Pretrial.

4 MS. MCCARTHY: And obviously, Judge, if he has to go
5 to the doctor.

6 THE COURT: Well, it goes along --

7 MS. MCCARTHY: That's all --

8 THE COURT: Actually, you know what? I'm going to
9 leave out any work approved by Pretrial. That's going to go
10 along with home detention. They'll talk about that. Yes. I
11 mean Pretrial Services will explain what home detention means.
12 There are certain things that if you have a doctor's
13 appointment and you tell them about it, but you've got to keep
14 them informed.

15 MS. MCCARTHY: Yes.

16 THE COURT: I mean even to meet with counsel, you
17 can't just go and say oh yeah, I went to meet with counsel.
18 You have to tell Pretrial. It has to be a set day, they have
19 to know where you are because otherwise you have this GPS and
20 they're going to say where is he, he's out somewhere, and you
21 violate a condition. Here's the thing about all this. If you
22 ~~meet these conditions and then you're out and then you violate~~
23 ~~any of these conditions that I'm setting, you don't appear in~~
24 ~~court when you're supposed to, that's the big one, right? But~~
25 ~~you don't listen to Pretrial and you don't report as you're~~

1 supposed to, you don't stay at home when you're supposed to,
2 you're not complying with home detention, whatever it is, you
3 can be separately charged with violating the conditions of
4 your release. If you don't appear, that's bail jumping.
5 That's a separate crime. That has its own penalties. And you
6 can face that even if this whole case were to go away. You'd
7 still be left with that one. Plus, you don't appear in court,

8 you and your cosigners end up responsible for \$5 million.

9 Okay?

10 I'm just going to go over all this in summary. I
11 may have to write it over again because it's written in all
12 different places here. Defendant to be released upon
13 satisfaction of all of these conditions. Your signature and
14 that of two cosigners, two financially responsible people and
15 a \$5 million bond, personal recognizance bond. It also has to
16 be secured by \$1 million in cash or property. As I told
17 counsel, I'm sure you heard, the thing about the law that I'm
18 supposed to follow is I can't set conditions that are
19 impossible to meet because setting conditions that are
20 impossible to meet is the same thing as detaining somebody.

21 But I'm not satisfied at this point that that's not possible.

22 And so counsel will look into it and we'll find out. Good

23 serious effort is required before I determine it's not

24 possible. Travel restricted to the Southern and Eastern

25 Districts of New York and Southern District of Florida.

1 Southern and Eastern Districts of New York for purposes of
2 traveling here to get to court if need be or to meet with
3 counsel if need be. Southern District of Florida is where I
4 understand you live and you'll stay at home unless and until
5 there's some reason why you're not at home as approved by
6 Pretrial. It's called home detention beyond GPS monitoring.
7 You're to surrender any and all travel documentation that you
8 have, passports, anything resembling a passport, anything on
9 which you could travel. Drug and alcohol testing and
10 treatment if deemed appropriate by Pretrial Services. No
11 firearm, destructive device, or other weapons. Surrender the
12 firearms license. The assets in the digital wallet containing
13 your own funds are to be placed in trust with the trust
14 agreement that gets reviewed by the Government and found
15 acceptable by the Government. No use of computers, smart
16 phones or internet. No use of alcohol. No contact with
17 codefendants except in the presence of counsel. No contact
18 period with Centra Tech investors. Counsel is to disclose --
19 I'm sorry, defendant is to disclose, so that's you, all of
20 your assets to Pretrial Services and the US Attorney's Office
21 including anything you've got jointly with somebody, anything
22 you control, even if it's not in your name and regardless of
23 what kind of currency might be in the account, cash, crypto
24 currency, digital currency, any form of something of value.
25 All right? Okay. Thank you to everybody's who here. Do you

1 want me to hand back down some of the stuff here? I'm going
2 to give you things I should hand back down to people. There
3 are various sort of things. I've got Mr. Miller's file, I've
4 got the Pretrial report, and I have the submission from the
5 Government. Anything else before I go off the record?

6 MS. MCCARTHY: No. Thank you, Your Honor.

7 THE COURT: All right.

8 MR. ENSER: Thank you, Your Honor.

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1 I certify that the foregoing is a court transcript from
2 an electronic sound recording of the proceedings in the above-
3 entitled matter.

4
5 Mary Greco

6 Mary Greco

7 Dated: May 16, 2018

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